

# CHINA REPORT

## SOCIETY

Breastfeeding:  
Magic Massage  
at a Price

## ECONOMY

Driverless Future:  
Who Will Win the  
Smart Car Race?

# DONE DEAL?

China and the US are getting back to business,  
but will trade tensions resurface?



INFINOX Cup Sino-British Talent Contest for Children

英诺杯 英中少儿才艺大赛

# 丝路回响 Echoes of the Silk Road

全英少儿中文海报  
设计赛

Chinese Poster Design  
UK Competition

2018 / 6 伦敦

London

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## China committed to globalisation

The year of 2018 has witnessed a rising tide of trade protectionism globally. But the fact remains that no country can single-handedly tackle the various challenges that confront humanity.

This year marks the 40th anniversary of China's reform and opening-up endeavour, which has proven to be the only way for the country to achieve economic development and social progress. In both words and actions, the Chinese government has honoured its promise to keep opening up the country to the world.

China has launched substantial measures this year in a move to relax entry for foreign investors, particularly in the financial sector. It is expected that foreign investors in banking, securities and insurance will soon be able to own larger shares in joint ventures and expand the scope of their businesses in the Chinese market.

Shanghai, which reported more than 85 percent of China's total direct financing in 2017, has led the opening-up of China's financial sector. Effective supply-side reforms have enabled the city to foster an open economy. In return, its growth has allowed the city to expand and deepen its opening-up.

Breakthroughs have come in Shanghai where

relaxed restrictions have seen the world's largest insurance group co-invest in a new insurance assets management company.

**It is expected that foreign investors in banking, securities and insurance will soon be able to own larger shares in joint ventures and expand the scope of their businesses in the Chinese market**

In addition to opening up the market, Shanghai's municipal government has also strived to improve its business environment, seeking to provide good services for foreign investors. Among these efforts, the Shanghai government has simplified administrative approvals and tightened up legal protection for foreign companies and investors.

The municipal government is also stepping up efforts to support the regional headquarters of international companies in taking up global functions, and to encourage foreign R&D centres to join the city's mission to become the nation's centre for technological innovation.

China's growth is an opportunity for the world. China has benefited from globalisation and will stay committed to contributing to it. Opening up the financial market is China's response to globalisation as well as an answer to the country's own development needs. As the vanguard of China's opening-up endeavours in the financial area, Shanghai will keep exploring new solutions. ★

# BACK FROM THE BRINK



High-level talks have averted a Sino-US trade war. Is this a permanent peace or a temporary ceasefire?

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Photo by CEP

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## ChinaReport, Chinese Edition

May 21, 2018

### Buzzing Blockchain



According to a white paper released by the Ministry of Industry and Information Technology, China was home to 456 blockchain technology companies by the end of March 2018. They have formed a complete industrial chain, including hardware manufacturing, platform service and security, investment and financing. The buzzing sector has been hailed as the new frontier in tech development after the steam engine, electricity and the internet. A growing number of local governments nationwide have begun to support the blockchain industry through preferential policies, special funds and innovation parks to achieve the beneficial effects of industrial clusters. Still, 2018 was hailed as the year when blockchain technology was widely applied and many enterprises have invested heavily in it, but they have so far failed to yield the expected profits. Experts cautioned that it is urgent to create national standards on blockchain that include basic regulations on operation, application and information security in order to sustain its healthy development.

## Caixin Weekly

May 21, 2018

### Private University

On April 2, 2018, the private Westlake University was approved by China's top education authorities.

World-famed biophysicist Shi Yigong was elected as the university's first president by the school board. Based in Hangzhou, Zhejiang Province, as China's first doctorate-granting private university, it aims to become a centre of scientific research, talent training and a model for a new type of higher education in China. As of the end of May, roughly 150 PhD students had been admitted to the university. China's private higher education sector has focused on vocational training and practical skills in the past 40 years, and it was hard to compete with public higher education institutions, which are mainly financed by the government. Westlake University has received the bulk of its funding from Hangzhou Westlake Education Foundation and the local government. High-quality, small-scale and research-oriented, it has blazed a trail in China's higher education sector with independent admissions, modern management and academic autonomy.



## Vista

April 16, 2018

### Lonely Generation

In 1978, the Chinese Constitution stipulated that family planning be advocated and implemented. Four years later, family planning became a national policy. In 2018, the National Health and Family Planning Commission was given a new name – the National Health Commission – after China's new State Council took office. Two years ago, China ended the one-child policy, allowing couples to have two children if they wish. Over the past 40 years, 150 million families in China were single-child families, who grew up lonely, lost and amid great controversy over the policy. By the end of 2010, at least one million Chinese families had lost their only child, according to the Chinese Academy of Social Sciences. What's more, a great number of illegitimate children live without an official identity. It tests policy-makers' wisdom and conscience to properly treat illegitimate children and parents who have lost their only child.



## Caijing

May 7, 2018

### Brink of Bankruptcy

Beijing Remote Horizon Group, a long-distance online-to-offline (O2O) platform in the healthcare sector, is on the brink of bankruptcy five years after its establishment. In April, 2018, it was mired in debt, and over 100 agents from across the country went to the company's headquarters in Beijing to demand payment. The company, once seeing annual revenues of six billion yuan (US\$940m), has to date incurred debts of several billion yuan. Since late 2014, the company was mainly engaged in the financial leasing business and cooperated with small hospitals in China's second- and third-tier cities. The company's rapid expansion, poor operation and management, coupled with their weak partners in local hospitals, made it hard for agents to improve their medical services and make a profit.



## China Economic Weekly

May 1, 2018

### Protection of Privacy

In the digital era, the scope of private information has been substantially expanded to include personal assets, biometric data, internet records and one's location. Nowadays, internet companies possess huge amounts of personal information because many people are giving away their private information consciously or unconsciously to pursue better and more convenient services. On May 1, 2018, China put into practice its national standards on information security technology and private information, in which specific regulations on the collection, recording, use, sharing and publication of information were made to prevent internet companies from illegally gathering and misusing personal information, as well as to protect the legal rights of individuals. Insiders argued that it will take time to see the effects of the standards, particularly when there is a lack of detailed and stringent punitive measures for enterprises which have crossed the line.





# WHAT THEY SAY

**“China’s data is controlled by different departments, so no [department’s] big data can cover all the sectors it should. Strictly speaking, China has no big data. At best, it’s just a sample.”**

**Li Yang**, an academic at the Chinese Academy of Social Sciences and director-general of the National Institution for Finance & Development (NIFD), saying that big data should cover as large a group of people as possible rather than being limited to a single department or enterprise, at an April think tank forum hosted by the NIFD.



ILLUSTRATION BY WU SHANGWEN



**“From my point of view, I don’t think that I’ve fallen or am ‘depraved’ because I’m teaching at a middle school. I am just keeping my feet firmly on the road I’ve chosen.”**

**Fu Yunhao**, winner of the International Mathematical Olympiad in 2002 and 2003, refuting on his microblog a recent profile of him by an intern reporter in *Portrait* magazine that labelled him as a “fallen genius” and as living a life of sorrow and depravity because of his choice of career.



**“My parents were playing with their smartphones while I was reading. The adults know less than us kids.”**

**A pupil from an elementary school** in Nanjing, Jiangsu Province, complaining about how little time her parents spend reading during a vox pop conducted by Jiangsu Television Station.



**“The 1,044 villages in Shenzhen accommodate 60 percent of the city’s population who migrated to Shenzhen to realise their dreams. They are the source of the special zone’s vitality and competitiveness.”**

**Wang Shi**, founder of real estate titan China Vanke, appealing for local authorities to not demolish urban villages in the name of furthering urbanisation at a recent Vanke forum on the intergrowth of cities and villages in Shenzhen.



**“I didn’t intend to be a magical realist. My characters are just living in a half-real, half-magical world.”**

Chinese author **Liu Zhenyun**, who was recently awarded the Knight of the Order of Arts and Letters by the French government, responding to a comment from the French ambassador to China that he had created the school of “realistic magicalism.”

**“The levels of obesity among Chinese people nowadays can be largely attributed to their dietary structure... Too much intake of [carbohydrate-based] staple foods is making a growing number of people overweight, but we lack the policies to prevent this.”**

**Rao Keqin**, deputy director of the Chinese Medical Association, warning on the obesity problem in China at a recent health-related meeting jointly conducted by Duke University and Duke Kunshan University in Jiangsu Province.

**“China’s economy has actually been kidnapped by the housing market. As early as 2009 and 2010, I warned that an unregulated housing market would drive China into difficulties.”**

**Xia Bin**, a consultant to China’s State Council and director of the Nankai Institute of International Economics, warning against the potential financial risks caused by a high rate of housing loans, at an online financial forum hosted by Sina China.

**“Fiction is the right place for me to speak the truth, since writers are free to make up stories. My courage to speak the truth dissipates in essays where I have no [fictional] character to pretend to be.”**

Renowned Chinese-American writer **Geling Yan** at a book talk she jointly hosted with *Duku*, a popular Chinese social science journal.

**“Huawei will always be the wolf that leads the wolf pack to eat meat together. We want meat, no matter how hard it is [to get].”**

**Ren Zhengfei**, president of Chinese telecom giant Huawei, in an interview with Shenzhen Television Station after he signed a cooperation agreement with the government of Shenzhen where Huawei is headquartered.



## Top Story

## China's Economy Grows by 6.7%



The Chinese Academy of Social Sciences (CASS), China's highest State think tank, released its first quarter economic forecast report on May 14, predicting that China's GDP will grow by 6.7 percent throughout 2018.

The prediction is based on the CASS quarterly economic model which shows that China's GDP will grow by 6.7, 6.7 and 6.6 percent in the latter three quarters. As the Chinese government set the 2018 economic growth rate at 6.5 percent at the two sessions, China's annual legislative meetings, in March, the forecast indicates that China's economy is developing as expected.

Thanks to China's sweeping supply-side reforms which have

focused on industrial restructuring and upgrading, Chinese industry has seen an obvious improvement in quality. CASS said. In 2017, the industrial added value (the net output) of the equipment manufacturing and high-tech industries grew by 11.3 percent and 13.4 percent, much higher than the average growth of industry as a whole. By contrast, the added value in mining decreased by 1.5 percent and that of the top six energy-intensive industries grew by three percent, 2.2 percent lower than its growth rate in 2016.

The report also reveals that in 2018, the total social investment in fixed assets will grow by 3.1 percent to 69 trillion yuan (US\$10.6t), with that in infrastructure sector to grow much faster than that of housing and manufacturing. It indicates that the investment in fixed infrastructure will remain a leading spur to China's economy. The report continues that private investors' confidence in fixed assets is recovering as their investment in this sector is estimated to grow by six percent, 1.5 percent higher than that of 2017.

Yet, despite the growth, the report warns that China's economy is still in a downturn, with overcapacity and high levels of enterprise debt continuing to be the two biggest obstacles to economic growth. The report predicts that the 2018 CPI (Consumer Price Index) will be about 1.9 percent.

As trade protectionism is rising throughout the world and China and the US are in conflict over trade in several areas, the report predicts slower growth in China's exports and imports, but it also believes that growing demand following the global economic recovery and the smooth development of China's domestic economy will buffer the unstable factors.

## Business

### Tencent Gets Creative in Britain

As the thirst for Western entertainment grows in China, the country's internet giant and WeChat-owner Tencent has signed a key MOU (Memorandum of Understanding) with the UK's Department for International Trade.

The UK-Tencent umbrella deal encompasses digital, cultural and creative projects. "The next few years offer a golden opportunity for the UK to work with companies such as Tencent to drive innovation and shape the future of global trade," Britain's International

Trade Secretary Liam Fox said at the signing ceremony.

Specifically, there will be a three-year deal between the BBC and Tencent Penguin Pictures for joint production, content development, commercial licensing, promotion and distribution of documentary films. In fashion, Tencent will become the exclusive strategic partner of the British Fashion Council working with designers, supplying technology and hosting online events.

For Tencent the deal is part of a wider strate-



gic aim to create a "landing pad" to enter European markets.



## Exhibition

### Showcasing Chinese Craftsmanship

A new exhibition in May at the London Craft Week called Amazing China capitalised on growing Western curiosity by presenting a mix of Chinese art and culture, combining craftsmanship, aesthetics and philosophy from the Middle Kingdom.

Around 40 craftspeople from more than 10 Chinese provinces displayed some 100 crafts, demonstrating varying aspects of the daily lives of Chinese people. Nearly 30 types of handicraft techniques were on show, such as ancient painting restoration, ceramics production, carpentry, metalworking, leather carving, embroidery and seal carving.

According to Xiang Xiaowei, minister counsellor for culture at the Chinese Embassy in London, the Amazing China exhibition and a related series of discussions were to highlight “the latest achievements in our efforts to recognise China’s traditional handicrafts.”



## Trade

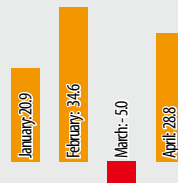
### Trade Surplus Shrinks in First Four Months

According to the latest statistics from China’s General Administration of Customs, China’s export and import volume in the first four months of 2018 totalled 4.8 trillion yuan (US\$738.4b) and 4.3 trillion yuan (US\$661.5b), with the trade surplus decreasing by 24.1 percent to 506.2 billion yuan (US\$77.9b), compared to that of the same period in 2017.

The drop was attributed to the big increase in imports of iron, copper and especially crude oil. Customs data showed that in April alone, China imported 39.46 million tons of crude oil, a 14.7 percent growth compared to that of last April and a 14.1 percent growth compared to that of March. The growth is due to the decrease in the output of domestic crude oil and the government’s loosened controls on private refinery plants using imported oil.

Yet, despite the declining trade surplus, China’s Ministry of Commerce claimed in its latest forecast on China’s international trade that the nation’s continuing supply-side reform will push the stable growth of both exports and imports.

Trade Surplus from Jan. to April (US\$ billion)



Source: China’s General Administration of Customs

## Diplomacy

### Embassy Moves to Royal Mint

In the past, residents of capital cities might have known where to find the US Embassy, but from now on for London, at least, the major diplomatic landmark is going to be the Chinese Embassy. In an eye-catching choice, China has chosen the former Royal Mint site located opposite the 1,000-year old Tower of London and overlooking the River Thames. It will probably be the biggest Chinese diplomatic mission in the world.

Speaking at a handover ceremony from the London borough of Tower Hamlets where the site sits, Chinese Ambassador Liu Xiaoming said, “an embassy is the face of a country... But the new era is calling for a new premises consistent with China’s current role and influence in the world.”

The imposing site will have extensive refurbishment before the Chinese move in with hundreds of staff in the next 18-24 months. By then every London cabbie will probably know the new landmark.



## Business

### Tesla Establishes Branch in Shanghai

Tesla Shanghai Branch obtained a business licence in Shanghai on May 10, confirming that the automobile giant plans to find development opportunities on the Chinese mainland.

Based on information shown on China’s National Enterprise Credit Information Publicity System (NECIP), Tesla registered with 100 million yuan (US\$15.4m) in capital. It is among the first batch of foreign enterprises to be allowed to operate in sole ownership in China, as previously, no foreign enterprise was allowed to operate on the mainland until it established a joint venture with a mainland enterprise, with the latter’s stock share exceeding 50 percent. The rule was lifted for the automobile industry in April.

In 2017, Tesla’s CEO Elon Musk revealed at a financial meeting that he planned to build a Gigafactory on the Chinese mainland. However, auto manufacturing is outside the scope of the Shanghai Branch, the registration at NECIP shows.

Cui Dongshu, secretary-general of the China Passenger Car Association, told the Guangzhou-based *Nanfang Daily* that there is still a high chance that Tesla will build a manufacturing base in or around Shanghai. As Tesla suffered huge first quarter losses and is losing senior staff to its competitors, Cui believes that it would be better for Tesla to make a quick decision.



Photos by CNS, YCG

## CONTROVERSIAL

The local government of Xi'an, capital of Shaanxi Province, recently spent 12 million yuan (US\$1.9m) building what they called a "de-smog" tower. According to media reports, the tower is located in a suburb and is 60-metres high with a football pitch-sized greenhouse at the bottom. Experts said the tower can purify the air within an area of 10 square kilometres, which was proved by some interviewed residents living in the neighbourhood. However, given Xi'an is more than 10,000 square kilometres, many netizens cast doubt on how much the tower could improve the city's air quality, with some labelling it as a waste of money. Many argued that pollution control should focus on prevention rather than treatment.



## PAINFUL

Li Mingzhu, a flight attendant from Zhengzhou, Henan Province, was allegedly killed by a driver named Liu Zhenhua who offered her a ride via the Hitch service on China's biggest car-hailing app, Didi Chuxing, on May 5. According to Li's father, Li had hailed Liu's car just before midnight to take her home from the airport, but she never arrived. Police found Li's body dumped in wasteland. She was allegedly raped before being stabbed to death. Liu was identified as a major suspect, but his body was found in a local river several days later. He is suspected of killing Li before committing suicide. According to media reports, Liu's driving licence had been revoked, and he had used his father's licence to register with Didi Chuxing. He was also reported to have taken medication for long-term depression. The lapses in security triggered wide public concern over the security of online cab-hailing services which are often criticised for poor vetting of their drivers.

## BREATHKING

A pilot on the flight deck of a Sichuan Airlines plane en route from Chongqing to Lhasa had a lucky escape after he was partially sucked out of the windshield when it shattered at an altitude of 9,800 metres. His seatbelt saved him, and he was pulled back inside. As well as the sudden cabin depressurisation, temperatures in the cockpit plunged, and the flight's captain, former flight instructor Captain Liu Chuanjian, had to wrestle with the controls for 20 minutes to land the plane manually at Chengdu. No passengers were injured during the incident. Liu, who has flown the route for 10 years, has received much praise from the public and from fellow aviation workers. Others have urged the airline to quickly define the cause of the accident, saying that prevention is more important than emergency response.

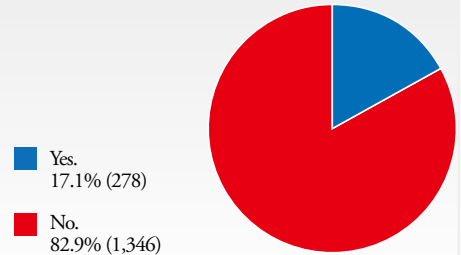
## PITIFUL

A court in Jurong, Jiangsu Province recently sentenced two people to probation after they were charged with intentional homicide for helping a cancer sufferer commit suicide. The cancer sufferer, a woman surnamed Wu, was the wife of one of the defendants, and she had begged her husband several times to help her get relief from her pain and suffering. The husband finally asked his friend to hit his wife with a car. Wu did not die immediately, and was sent to hospital, although she discharged herself and died at home a few days later. The judge said that Wu had actually died of cancer rather than the car accident according to the autopsy, and that the two defendants had voluntarily surrendered themselves to the police. Netizens showed great sympathy for the two defendants, with many hoping that assisted-dying could be legalised for terminally ill people at their own request.

## Poll the People

As university graduation season is approaching, Chinese netizens started discussing whether it should be necessary for students to write a dissertation. Ren Mengshan, a deputy professor at the Communication University of China, said that it is now a meaningless formality of graduation. Many netizens agreed, saying that the standards are low and many just rush it out in a couple of days. Others argued that it is China's "coarse" university teaching that should be blamed.

Do you think it is necessary for university graduates to write a dissertation?



Source: [www.weibo.com](http://www.weibo.com) (from a private blogger named "the things that Beijingers should know about")

## Most Circulated Post

Retweeted 17,202,317 times by May 15

**"Life can have nothing but hope. Ten years have passed. How are you doing?"**



May 12 marked the 10th anniversary of the Wenchuan Earthquake which killed nearly 70,000 people and injured over 370,000. China's Party paper the

*People's Daily* posted a video on its Sina microblog on May 11 in commemoration of those who died in the 8.0 magnitude earthquake in Sichuan Province, saluting those who committed themselves to the rescue and reconstruction efforts, and looking back at those who were severely injured or lost their loved ones in the disaster, but have pulled themselves through the hardship and begun to lead a new life.

# TOP FIVE SEARCH QUERIES

On **Baidu** 百度 for the week ending April 15

1

## Stewardess Killed by Taxi Driver 887,916

A stewardess in Zhengzhou, Henan Province, was allegedly killed by a driver from China's biggest car-hailing platform Didi Chuxing. The suspect was later found dead in a river, an alleged suicide following the killing, according to police.

2

## Social Media Account Closed for Illegal Content 770,346

"Ergeng Shitang," a WeChat social media account was suspended for seven days by a local cultural watchdog for releasing improper and vulgar information about the stewardess allegedly killed by the Didi Chuxing driver. Ding Feng, the founder, later announced the account would not re-open.

3

## 10<sup>th</sup> Anniversary of Wenchuan Earthquake 468,669

China's media and public held events to commemorate the 10th anniversary of the devastating Wenchuan Earthquake of May 12, 2008, in which nearly 70,000 people died.

4

## North Korea Suspends Meeting with South 301,715

The Korean Central News Agency, North Korea's state media agency, announced it was cancelling a scheduled meeting with the South on May 16, saying that a South Korea-US joint military exercise was targeting the North.

5

## Russian Bombers Fly Near US 225,476

According to CNN, two Russian bombers were intercepted by American F-22 stealth fighters after they entered the US's air defence identification zone near the western coast of Alaska on May 11.

# TOP BLOGGER PROFILE

## Dai Guohong

Followers: 11,236

"Ten years have passed and I am recovering day by day, but once I closed my eyes, the dark debris in the earthquake hit my mind and then cries and screams over the campus poured in my ears... I still remember my roommates in the dormitory and our dream of entering a university... The agony of losing my friends and my legs always tortures me, but I will never fall..." is what Dai Guohong posted on May 12, the 10th anniversary of the Wenchuan Earthquake in Sichuan Province. Although he survived, Dai was depressed and miserable until he started swimming on his doctor's advice. At the start, he often lost his balance and would choke on the water, but in a video interview with Sina China for the 10th anniversary, he said that swimming has enabled him to control himself again and help him get back the feeling of freedom. Dai later joined a swim team and in 2010, he won a gold medal in the 100-metre breaststroke at the National Swimming Championship for the Disabled. He says he has regained his confidence and hope. He shared his experience and appreciation for life with netizens on his microblog, hoping to give power and courage to anyone in need.



# WHAT'S HOT?

# WHAT'S NOT?



## Amputee Finally Gets on Top of the World

On May 8, Xia Boyu, a 69-year-old double amputee, successfully reached the top of Mount Qomolangma, known as Everest in the West. This was his fifth attempt to climb the world's highest mountain since he began to walk with artificial legs. Xia lost his legs in 1975 during his first attempt on the peak after giving his sleeping bag to a Tibetan teammate whose luggage had fallen off the mountain. That night, Xia fell asleep and suffered extreme frostbite, leaving doctors no choice but to amputate his legs. After Xia received artificial legs, he renewed his determination to reach the summit. Netizens hailed Xia's incredibly strong will and his benevolence to others.



## Frozen Landfill Meat Dug Up for Sale

Media reports revealed that dozens of villagers in Jinping County, Southwest China's Yunnan Province, had been digging up and selling frozen beef and chicken smuggled from Vietnam in landfill. A leaked video clip showed that as soon as the officials left, villagers would swarm the local landfill to dig up the already degrading meat and transfer it to vehicles parked nearby. An informant told media that villagers had already been doing this for two years. Netizens have condemned local officials for ignoring their duties and wondered if some of them were involved in a black market meat scandal.

SOME OF THE IMAGES USED IN THIS SECTION ARE FROM THE INTERNET



## Master of Foreign Languages

Xu Xiuzhen, a 74-year-old tour guide in Southwest China's Guangxi Zhuang Autonomous Region, shot to fame for being able to speak 11 foreign languages. Xu has served foreign tourists for 21 years, when more foreigners started to visit Moon Hill, a popular scenic spot in her hometown of Yangshuo, and her frequent daily contact with foreign visitors enabled Xu to naturally absorb different languages. Xu's story has inspired young students who often complained about how hard it is to learn a foreign language. Some also pointed out that Xu's experience has proven that the best way to learn a language is to immerse oneself into the environment of that language.



## Should Anti-Corruption Be Above Privacy?

Chi Wen, a police officer in Taizhou, Zhejiang Province, was recently detained for six days for violation of privacy. Media reports said that Chi had tailed his leader and secretly snapped photos of him having an affair with his mistress. Given that Chi's deed was intended to collect evidence to report his leader's alleged adultery, his detention triggered great sympathy among many netizens who believed that violations of privacy should be tolerated in cases involving alleged corruption, while others argued that it is very hard to define what the level of violation should be to ensure it would not harm anyone innocent.



Xi-Modi Meeting

# Informal Way Forward

A relaxed, candid meeting between the leaders of China and India has gone some way towards repairing the fractured bilateral relationship, but more dialogue will be necessary to fix the trust deficit

By Jiang Tao, Zhang Su, Shu Yu and Li Jia



PHOTO BY SHENG JIAPENG

Chinese President Xi Jinping and Indian Prime Minister Narendra Modi visit Hubei Provincial Museum, April 27

**T**hey talked about their ancient civilisations and cultural exchanges at the museum where they saw ancient artefacts. They briefed each other on their own domestic development and reform agendas at a banquet. As they strolled around a lake, they discussed how to protect the environment at the same time as speed up economic growth. The mood during the two-day meeting was easy and friendly, and the exchanges were candid. They held longer, more in-depth dialogue than ever, which has consolidated their friendship and mutual trust.

This was what Chinese President Xi Jinping and Indian Prime Minister Narendra Modi did during their first informal meeting in

Wuhan, capital of Hubei Province in Central China, on April 27 and 28, Chinese Vice Foreign Minister Kong Xuanyou told media after the meeting.

Only a year before, a military standoff along a border on the roof of the world almost brought the two Asian giants to the brink of military conflict. Entangled geopolitical interests involving third countries, particularly the US, made things more complicated.

Kong described the summit, though informal, as “a new significant milestone for bilateral ties.” The two leaders reached “extensive consensus” on international political situations, as well as overarching, long-term and strategic issues in the relationship between the two countries, according to a statement from China’s Ministry of Foreign Affairs. More informal dialogues are expected to be held in the future to address formal issues in the Sino-Indian bilateral ties.

## Perception Gap

The decision to hold an informal summit was made by the two leaders during the BRICS Summit, a meeting of Brazil, Russia, India, China and South Africa in Xiamen, Fujian Province in China’s southeast, in early September 2017, according to an article in the *People’s Daily* on April 25 by China’s Ambassador to India, Luo Zhaohui. The BRICS Summit was held just one week after the two countries ended their military standoff in Doklam (Finding the Border, Issue September 2017, *ChinaReport*), a border area in the high Himalayas that separates China, India and Bhutan. Lin Minwang, vice director of the Centre for South Asian Studies at Fudan University in Shanghai, thinks the two-month Doklam standoff was the immediate reason that India proposed the meeting.

There have been more than a few ups and downs in the Sino-Indian relationship in the past four years. Right before the Doklam standoff, the most serious confrontation between China and India since the bloody border war of 1962, India and Pakistan became members of the Shanghai Cooperation Organisation, a regional security organisation established in Shanghai in 2001 by China, Kazakhstan, Kyrgyzstan, Russia and Uzbekistan. India is the second-largest shareholder in the Asian Infrastructure Investment Bank (AIIB), a China-led initiative, and nearly a quarter of the projects approved by the AIIB are in India. In June 2015, China opened the Himalayan Nathu La Pass, the highest and shortest land pass for trade with India, to Indian pilgrims who wish to visit the sacred religious sites in Tibet. China had closed the pass during the Doklam standoff and it was reopened before the recent meeting between Xi and Modi. In June 2016, China launched an industrial park in India.

India is keen to join the Nuclear Suppliers Group (NSG), a 48-member club which sets the rules for nuclear and nuclear-related exports. India is not a signatory to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), which has been signed by 191 countries. China has repeatedly expressed its view that a formula for all non-NPT countries to apply for NSG membership must be worked out

in the first place. In 2016, India sought to add Jaish-e-Muhammad (Army of Muhammad) to the United Nations Security Council terrorist blacklist. China argued that the case needed more deliberation and put it on technical hold.

Long Xingchun of the Charhar Institute, a think tank based in Hebei Province and Beijing, said that China's stance on India's NSG application was regarded by Delhi as proof of Beijing's resistance towards recognising India as a nuclear power and to the rise of India. India is also concerned that China's Belt and Road Initiative may diminish India's influence in South Asia.

With negative perceptions towards China's intentions, India immediately interpreted China's road construction in Doklam, which preceded the standoff, as an attempt to change the status quo. India's intervention was based on this perception, Lin said.

A third party is also in the mix. The US National Security Strategy says "Chinese dominance risks diminishing the sovereignty of many states in the Indo-Pacific," and that the US will "seek to increase quadrilateral cooperation with Japan, Australia and India."

Senior officials of this grouping, known as "Quad," met in Manila in November 2017 to discuss their cooperation. China is concerned that India, by embracing the US's Indo-Pacific Strategy, is trying to build an Asian NATO to contain China. In December 2017, an Indian drone crashed on the Chinese side of the border. China's Foreign Ministry and the Ministry of National Defence both criticised India for violating China's sovereignty.

## Action Needed

All this shows the urgency and significance of addressing the deficit in mutual trust between the two.

Professor Swaran Singh with the School of International Studies at Jawaharlal Nehru University in New Delhi told *ChinaReport* that leaders of the two countries need to take action to push their relations forward after a period of stagnation in the past three years. He believes the Xi-Modi meeting in Wuhan would help build mutual trust, which is the most important goal for the current bilateral ties.

Vice Foreign Minister Kong told the media that both Xi and Modi stressed repeatedly the significance of more mutual trust in the stable development of Sino-Indian relations. He said the top priority for the meeting was to put forward strategic and political guidelines for the bilateral relationship on the basis of communication between the two leaders. Their consensus is the foundation for solutions to technical issues at the working level.

In his meeting with Modi, Xi expressed his hope that China and India regard each other as good neighbours and good friends. He believes the development of one country provides big opportunities for the development of the other. He added that both sides perceive the other's intentions with a positive, open and inclusive attitude, according to a press release from China's Foreign Ministry on April 28. Kong said Modi agreed with Xi's views.

The statement from China on the result of the meeting says the

two countries will manage and control their divergences, particularly on border disputes, and strengthen cooperation on addressing global challenges like climate change and terror attacks.

The two countries are also in agreement on the need for multilateral free trade systems. "China and India have an increasing willingness to cooperate in multilateral areas, especially in terms of protecting world free trade order and globalisation," Li Li, from the China Institutes of Contemporary International Relations, told *ChinaReport*. As an emerging economy with a strong desire for growth, India needs a free and open trading system.

The time that the two leaders spent together in Wuhan in improving mutual understanding will help bring stability and peace to the region. As a result, the rest of the world would not have to take sides between China and India, Singh said.

## More Informal Talks?

This was the first time Xi and Modi had met in an informal way. The meeting was not expected to address particular disputes between the two countries. No specific issues, agreements or joint statements are set in this type of arrangement. Procedures are streamlined. This makes it possible for the leaders to focus on exchanging their views on international politics and their strategic judgements on the bilateral relationship.

Similar efforts to improve working relations between the two leaders had been made before this meeting. In his first presidential visit to India in September 2014, Xi's first stop was Gujarat, Modi's home state. In May 2015, Modi's first visit to China started in Xi'an, Xi's hometown.

Lin Minwang thinks the choice of Wuhan instead of Beijing for this informal meeting is probably based on the consideration that opposition forces in India might have used it against Modi if he had travelled to Beijing.

Modi has also already visited several major cities in China, but not in Central China. Kong explained that China hoped Modi would gain further understanding about China on his Wuhan trip.

Wuhan, a mega-city in the middle reaches of the Yangtze River, is a major transportation, industrial and education hub. On April 27, Xi and Modi visited the Hubei Provincial Museum in Wuhan where they saw antiquities which dated back several thousand years. Lin said the purpose of the visit was to highlight the historical and cultural ties between the two civilisations, and the importance of keeping peace and friendship between the two neighbours.

Apparently, the two leaders were happy with this informal way of meeting. They "highly assessed the opportunity for direct, free and candid exchange of views offered by the informal summit and agreed on the utility of holding more such dialogues in the future," said a press release from the Indian government on April 28.

Still, there is some way to go before the two sides can significantly improve their trust deficit, so whether formal or informal, more dialogues between the two Asian giants will be necessary. ★



Regional Integration

Chinese Premier Li Keqiang speaks during a press conference for the seventh China-Japan-South Korea leaders' summit in Japan, May 9, 2018

PHOTO BY IC

# Era of Asia

Alongside improving relations in Northeast and Southeast Asia, the regional integration of East Asia is speeding up

By Jiang Tao and Xu Fangqing

After China's new cabinet took office in March 2018, Chinese Premier Li Keqiang made his first overseas trips to two regional countries – Indonesia and Japan – with the aim of boosting regional cooperation in Asia amid rising international protectionism.

Li visited Indonesia from May 6 to May 8 for the fifth anniversary of the establishment of the China-Indonesia Comprehensive Strategic Partnership and the 15th anniversary of the strategic partnership between China and the Association of Southeast Asian Nations (ASEAN). Following this, Li travelled to Tokyo to attend the seventh China-Japan-South Korea leaders' summit. It was the first visit to Japan by a Chinese premier in eight years.

## Important Neighbours

This year marks the 40th anniversary of the signing of the China-Japan Treaty of Peace and Friendship. On May 8, Li arrived in Japan where he met Japanese Emperor Akihito and Prime Minister Shinzo Abe.

“China and Japan are mutually important neighbours. There are dozens of direct flights from Beijing to Tokyo each day with a flight time of only three hours. It took such a long time, however, to get bilateral friendly relations back on track,” Li wrote in the Japanese media before his visit.

China-Japan ties have been strained in recent years. Since the two countries resumed normal diplomatic ties in 1972, observers have

divided the China-Japan relationship into two phases: a period of rapid development from 1972 to 1992, and one of strategic friction after 1992.

China overtook Japan as the world's second-largest economy in 2010. China's growing influence has seen it switch its balance of power with Japan. "Structural problems in the two countries are emerging on a number of issues, including the Taiwan issue and disputes over history and territory, leading to friction," said Ruan Zongze, deputy director of the China Institute of International Studies.

Ruan said that as the second- and-third largest economies in the world, direct dialogue between China and Japan will build a friendly and beneficial relationship between the two countries at a time when the Northeast Asian situation is in flux, and unilateralism and protectionism are jeopardising the world trade system and economic growth.

At a ceremony to mark the 40th anniversary of the signing of the China-Japan Treaty of Peace and Friendship, Premier Li said friendship and cooperation between China and Japan are beneficial to both, to the region, and to the world. The two countries forged agreements on innovation, high-tech industries, dialogue mechanisms, IP protection, healthcare and finance.

Premier Li said China and Japan would sign an agreement for currency swaps to facilitate investment and said China has granted Japan a quota of 200 billion yuan (US\$31b) to be used in the RMB Qualified Foreign Institutional Investors mechanism by Japanese investors. Li encouraged Japanese financial institutions to invest in the Chinese capital market and was positive about establishing a bank in Tokyo for yuan clearing.

Song Yaoming, an economic and commercial counsellor at the Chinese Embassy in Japan, said that with the improvement of China-Japan ties, bilateral economic cooperation will enter an upward trajectory and usher in a new era of bilateral economic and trade ties.

### Stronger Partnership

This year marks the fifth anniversary of the establishment of the China-Indonesia Comprehensive Strategic Partnership, and the 15th anniversary of the China-ASEAN Strategic Partnership. On May 6, Premier Li Keqiang announced that China would expand its purchase of palm oil from Indonesia by 500,000 tons in 2018 after a discussion with Indonesian President Joko Widodo. He added in a keynote speech that China will never purposely chase a trade surplus and is willing to import more competitive products from Indonesia, including palm oil, gas, rubber and food products.

According to Huang Rihan, assistant to the dean of the College



China and Indonesia sign a series of cooperative agreements in Jakarta, Indonesia, May 7, 2018

of International Relations at Huaqiao University in Fujian Province, China's growing imports of palm oil from Indonesia will increase employment and improve the livelihood of millions of rural people in Indonesia, which is a significant worldwide palm oil producer.

During Li's visit, China and Indonesia signed seven agreements, including enhancing cooperation on building Indonesia's comprehensive economic corridors, and giving joint support to the high-speed train project that links Jakarta and Bandung. The two sides agreed to deepen cooperation on inter-connectivity of infrastructure under the framework of the Belt and Road Initiative and Indonesia's Global Maritime Fulcrum.

Xu Liping, a researcher with the National Institute of International Strategy at the Chinese Academy of Social Sciences, told *ChinaReport* that as large developing nations, China and Indonesia have similar





national conditions. Both face the challenges of industrialisation and modernity. They have found consensus in choosing their own development strategies and there is great potential for further cooperation.

Xu said the Jakarta-Bandung high-speed railway should be completed in three years, and will cut the trip between the two cities from three hours to 40 minutes. The high-speed railway is a pivotal project of the comprehensive cooperation between China and Indonesia, and China's first overseas high-speed rail project. It will be an important pioneer in the Belt and Road Initiative in Indonesia and Southeastern Asia.

### More Trilateral Meetings

On May 9, the seventh China-Japan-South Korea leaders' meeting was held in Tokyo – the first of its kind for two and a half years.

The three countries agreed to hold trilateral leaders' meetings more regularly, and the next meeting will be hosted by China.

The three East Asian nations, with a combined GDP of more than a fifth of the world's total, reaffirmed their commitment to construct an open world economy and promote free trade, pledging to enhance sustainable development in various areas in the region and beyond by sharing their development experience.

According to the joint declaration released at the summit, the three sides will deepen economic cooperation to boost free trade and investment in East Asia, vowing to work towards finalising a comprehensive, high-level and mutually beneficial Trilateral Free Trade Agreement (FTA) and speed up negotiations on the Regional Comprehensive Economic Partnership.

“We reaffirm an FTA is an important way to deepen our economic and trade cooperation and promote trade and investment liberalisation and facilitation in East Asia, and will serve the common interests of the three countries,” said the joint statement.

In the opinion of Zhou Yongsheng, a professor at the Japan Research Centre at China Foreign Affairs University, it is good news that the three biggest economies in East Asia have sat down for talks to promote greater economic integration.

Meanwhile, China advocated the “China-Japan-South Korea+X” cooperation model in production capacity, poverty reduction, disaster management and energy saving, and tapping the fourth-party market in order to maintain sustainable regional development.

Dong Yan, a researcher with the Institute of World Economics and Politics under the Chinese Academy of Social Sciences, said the countries are crucial to negotiating on a comprehensive regional economic cooperation framework in Asia, and the resumption of the summit will play a positive role in boosting free trade zone negotiations among the three countries, building new trade and investment rules for Asia, and breaking barriers of independent free trade zones across Asia.

Hu Biliang, director of the Belt and Road Research Institute under Beijing Normal University, said improving the overall situation in Northeast and Southeast Asia has provided an important opportunity for economic integration in East Asia. The protectionism of the Trump administration in the US and China's Belt and Road Initiative “have given external and internal impetus to regional integration.”

“Although challenges loom large, the process of regional integration in East Asia will play a crucial role in ushering in the Asian era, particularly in maintaining sustainable prosperity and development, as well as the multilateral trade system in the region,” he said. ★

## Korean Crisis

# Beginning of the End?

Trump's sudden cancellation of the US-North Korea summit caused dismay, but is it all over for the peace process?

By Yu Xiaodong

While the Korean Peninsula has been never short of surprises, the developments of the past month have been the most dramatic since the North and South ceased open fighting in 1953.

## Rollercoaster

First on April 27, North Korea's supreme leader Kim Jong-un met South Korean President Moon Jae-in at Panmunjom in the demilitarised zone that divides the two countries. A highly anticipated historic moment, and the third inter-Korea summit since open fighting ceased between the two nations in 1953, this was widely considered successful and produced a joint statement, the Panmunjom Declaration for Peace, Prosperity and Unification of the Korean Peninsula, which declared that "there will be no more war on the Korean Peninsula," and that "a new era of peace has begun."

Affirming the "common goal of realising, through complete denuclearisation, a nuclear-free Korean Peninsula," and setting short-term goals to accelerate the peace process, it brought much enthusiasm from observers over the prospect of future talks.

Following escalating tension the previous month, the cordiality of the Moon-Kim summit conveyed an air of positivity and hope for future stability and peace on the Peninsula. When US President Donald Trump and Kim agreed to meet on June 12 in Singapore, many experts looked ahead to a deal that would solve the nuclear crisis in the Peninsula once and for all.

But it was short-lived. Days later, relations plunged when North

Korea cancelled a scheduled follow-up meeting with South Korea in what the North characterised as a protest against the resumption of joint military exercises between South Korea and the US. Moreover, when US National Security Adviser John Bolton suggested that the US should adopt the "Libya model" of denuclearisation (which many link to the overthrow and brutal death of Libyan leader Muammar Gaddafi), Pyongyang balked at the suggestion and warned it would reconsider meeting the US President.

In an uncharacteristic move, Trump walked back the comments saying he would not seek the "Libya model" and that North Korea would have "protections" if a deal was made. Then on May 24 he abruptly cancelled his meeting with Kim, citing Pyongyang's "hostility." Hopes for peace seemed dashed.

For sceptics the development only reinforced the view that the new round of talks would be merely the latest in a series of talks and agreements that ultimately failed to make a breakthrough.

Some said the Panmunjom Declaration merely mimicked that of the two previous inter-Korea summits. One was held between South Korea's Kim Dae-jung and Kim Jong-il of North Korea in 2000, and another between Kim Jong-il and South Korean President Roh Moo-hyun in 2007. Both failed to achieve lasting results.

But despite these ominous signs the fundamental factors that had led the leaders to consider meeting in the first place have not changed. While Trump has said he won't meet Kim Jong-un on June 12, there are still reasons for optimism.

A key factor that has given momentum to the recent talks between

North Korea and South Korea has been the unique approach adopted by Kim Jong-un. Compared with the conservatism of his father Kim Jong-il, Kim the younger has displayed a more proactive approach to foreign policy.

He raised the stakes by mounting nuclear tests and missile launches. Then in March he sent a surprise invitation to Trump to meet via a South Korean official, and suggested he would like to talk about denuclearisation. It was an extraordinary development.

Kim the younger appears more audacious than his father. After Roh Moo-hyun proposed a meeting with Kim Jong-il in 2005, the summit was delayed until 2007 amid Pyongyang's concerns about the location.

Kim Jong-un has shown flexibility on where to meet his South Korean and American counterparts. During his meeting with Moon he said he would like to visit Seoul, something that had previously been unthinkable for a North Korean leader.

According to Zheng Jiyong, director of the Centre for Korean Studies at Fudan University, Kim's approach stems from a fundamental change in his strategic priorities. Zhang's view is shared by Kim Byung-yeon, an economist and North Korea expert at Seoul National University. Kim Byung-yeon pointed to a five-year economic development plan released by the North Korean leader in July 2017, and his April 20 reiteration that his nation would prioritise economic development, raise living standards and nurture a favourable international environment.

"Kim's primary focus is on economic development, which is now the centre of his foreign policy," Kim Byung-yeon told *ChinaReport*.

Despite Kim Jong-un's threats to pull out of meeting Trump, his views on the shift in North Korea's priorities likely remain the same. This is precisely why Kim Jong-un changed his rhetoric immediately after Trump's letter in which he said he was cancelling the meeting, saying that North Korea is ready to talk "at any time, in any form."

## Moon and Trump

For his part, South Korean President Moon Jae-in differs from his predecessor Park Geun-hye on Pyongyang. Moon, who assumed power last year, made engaging with North Korea a cornerstone of his foreign policy during his election campaign. In a keynote speech in Berlin last July, Moon pledged that South Korea would take a primary role in resolving inter-Korean issues. He even said he would seek to meet Kim Jong-un.

While Moon appeared sidelined by the renewed exchange of threats between Kim Jong-un and Trump, his government continues to favour engaging with North Korea.

Trump is also very different from his predecessor. Compared to Barack Obama's policy of "strategic patience," which experts dismissed as "strategic passivity," Trump has adopted a proactive approach to the Korean Peninsula declaring that he would consider all options, from "totally destroy[ing]" North Korea to signing a peace treaty with Pyongyang. Trump shocked Washington in March when

he promptly accepted Kim's invitation to meet. He would have been the first American president to meet a North Korean leader.

Following the Moon-Kim summit, US Secretary of State Mike Pompeo visited Pyongyang, returning with three American prisoners freed by North Korea in a gesture of goodwill. Back in Washington, Pompeo said American investment could help develop North Korea's economy once denuclearisation was achieved, apparently a positive response to North Korea's new focus on economic growth.

To a large extent, Kim's threat to pull out of the summit and Trump's decision to cancel can be seen as a negotiating strategy, rather than a strategic decision. In cancelling the summit, Trump's rhetoric was unusually mild, and a substantial departure from his "fire and fury" and "rocket man" comments of previous months. There is ample room for both sides to continue talking.

While Kim and Trump are both unpredictable, the convergence of their proactive approaches may present a rare chance for a long-term solution to the North Korea issue, if they do manage to meet.

## Closing the Gap

With both sides taking a proactive approach, the question now is whether the huge political gap can be bridged.

In their earlier meeting, Moon and Kim Jong-un appeared to address some of the sticking points. One was North Korea's position on the US military presence on the peninsula. Pyongyang has long blamed the tension on the historical decision to station US troops in South Korea, and gives the US threat as its reason for pursuing nuclear arms. But according to Moon, Kim Jong-un dropped his demand that the US withdraw its troops from South Korea as a condition for giving up its nuclear weapons.

This proved insufficient to close the gap between North Korea and the US. Secretary of State Pompeo said the US wanted the immediate "permanent, verifiable and irreversible dismantling of North Korea's weapons of mass destruction programme," which would presumably involve inspections in the long term.

North Korea has made clear that its goal is a security assurance from the US, which could mean signing a peace treaty with South Korea and the US, and could include establishing formal diplomatic relations with the US.

Even if both sides agree on these conditions in principle, synchronising their steps to fulfil the agreement will remain a challenge given the lack of mutual trust. Pyongyang might expect swift relief from severe economic sanctions in exchange for abandoning its nuclear programme, but the US could insist on completely abandoning any nuclear ambitions before it will lift sanctions and ease the diplomatic isolation. This lack of trust is precisely what has made talks so fraught in the past.

But considering the two sides were swapping nuclear threats only months ago, the twists and turns preceding their summit may not be significant in the long run – if both sides are still willing to engage in serious negotiations. ★

COVER STORY

# TRADING GOODS,



# NOT BARBS

China and the US have stepped back from trade hostilities at the eleventh hour and dialled back the rhetoric. Is it just a short-term fix, or have the two sides come to a lasting peace?





## US-China Trade Tension

# TIMELY TRUCE

The world has breathed a sigh of relief as China and the US reached agreement on reducing the US trade deficit, but tensions over trade and investment relations may persist in the long term

By Yu Xiaodong

After months of threats and counter-threats to raise tariffs on each other, the US and China, the world's two largest economies, appear to have averted an all-out trade war after the second round of high-level talks on the issue held May 17-18 in Washington between a Chinese delegation led by Liu He, vice-premier and special envoy of Chinese President Xi Jinping, and US officials, including Treasury Secretary Steven Mnuchin, Secretary of Commerce Wilbur Ross and US Trade Representative Robert Lighthizer.

## Armistice

Following the talks, the nations released a joint statement pledging to “substantially” reduce the US trade deficit in goods with China. To achieve that, there will be “meaningful increases” in US agriculture and energy exports to China in the future. Mnuchin told reporters he expected American agricultural exports to China to rise by between 35 and 40 percent this year and energy purchases to double over the next three to five years.

On the issue of intellectual property protection, China pledged to “advance relevant amendments to its laws and regulations in this area, including the Patent Law.” On the issue of investment, “both sides agreed to encourage two-way investment and to strive to create a fair, level playing field for competition,” according to the statement.

Liu told China's State-run *Xinhua News Agency* that the two sides had “pledged not to engage in a trade war.” China's Ministry of Commerce (MOFCOM) announced on May 18 that it was halting its anti-dumping investigation into imports of sorghum from the US.

Mnuchin told the media the two sides had made “meaningful progress” on the trade issue, and the US government would halt proposed tariffs on up to US\$150 billion in Chinese products.

In the investment field, Trump earlier hinted he would relax US sanctions on Chinese smartphone-maker ZTE, which had been subject to a seven-year ban on transactions with US companies. It was forced to suspend its business operations in the US after violating a settlement with the US government last year over its secret exports of technology to Iran. For their part, China's regulatory authorities approved the US\$18 billion sale of Toshiba Corp's chip unit to a consortium led by US private equity firm Bain Capital. These issues, while not directly related to the trade spats, have been seen as bargaining chips.

## Lines in the Sand

While the ceasefire has eased anxiety in the financial markets and sparked a jump in the Asian and US stock markets, it has been criticised by trade hawks on both sides.

Many US hawks argued that the failure to press China to agree to a quantitative target on cutting the trade gap and specific measures on intellectual property protection and investment mean a total victory for China. Back in China, many consider Beijing's agreement to reduce its trade surplus with the US a major concession that betrays earlier rhetoric that it was not afraid of a trade war and would “fight to the end.”

Mei Xinyu, a researcher at the Chinese Academy of International Trade and Economic Cooperation at MOFCOM, argued in a widely shared commentary that China has managed to maintain what he said were three “bottom lines” considered non-negotiable by the leadership.

First, the two countries agreed to increase US exports to China, a “proactive” approach in addressing the trade imbalance which contrasts with the “passive” approach of reducing Chinese exports, as the



PHOTO BY XINHUA

Chinese President Xi Jinping's special envoy and Vice Premier Liu He, also a member of the Political Bureau of the Communist Party of China Central Committee and chief of the Chinese side of the China-US comprehensive economic dialogue, talks during an interview in Washington, DC, May 19, 2018



PHOTO BY YCG

US President Donald Trump's special envoy and Treasury Secretary Steven Mnuchin (C), leads a US delegation to Beijing for trade talks with China, May 3, 2018



Trump administration had threatened to do. Mei said that the proactive solution adopted in the joint statement was in both countries' interests.

“By adopting a proactive approach, China can maintain its purchasing power, which will provide more market and employment opportunities to American business and workers,” Mei said. China has long argued for a win-win solution to address its trade disputes, rhetoric also adopted by the joint statement, which held that China would significantly increase its purchase of US goods and services “to meet the consumption needs of the Chinese people and the need for high-quality economic development,” which “will help support growth and employment in the US.”

Second, China successfully avoided setting a specific target, such as the US\$200 billion figure flagged by US officials ahead of the talks. According to data released by the US, its trade deficit with China reached a record US\$376 billion in 2017. On Chinese data, which uses different calculations which do not include the value of parts of products made outside China, the figure is a much smaller US\$276 billion. China has long argued that the US figure, which does not

include the trade surplus of US\$54.1 billion enjoyed by the US in the services sector, represents a distorted picture of bilateral trade. The Trump administration's quest for China to accept a US\$200 billion reduction was seen by many in China as unrealistic and humiliating.

Third, Mei said China had safeguarded its right to “[upgrade] its industries” and to “self-development,” referring to the Made in China 2025 initiative. When the Trump administration released its list of Chinese products subject to tariff increases, it was widely considered to be aimed at Made in China 2025, an initiative to upgrade China's industry and boost China's high-tech sectors. As the US halted the proposed tariffs, China's growing high-tech sector can feel a sense of relief, at least in the short term.

### Lasting Peace?

But while trade tension may have eased, few experts believe the joint statement means a future trade war has been averted.

According to Zhang Yuhuan, a researcher at the China Institute of International Studies, the Trump administration has agreed to a cease-fire on the trade war because of infighting within the administration.

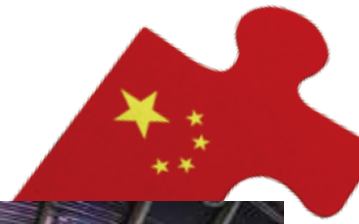


PHOTO BY VCG

Tesla autos at 2018 Beijing International Automotive Exhibition (Auto China 2018), April 29, 2018

There is a well-known rift between trade hawks like US Trade Representative Robert Lighthizer and White House trade adviser Peter Navarro, who have demanded that China fundamentally change its industrial policy, and moderates like Mnuchin and National Economic Council Director Larry Kudlow, who pushed for an agreement with China to ease the market's concerns. If there is a change in the dynamics of the infighting within the White House, the trade war could be rekindled.

Zhang said given the vagueness of the joint statement, the real key to a lasting consensus may lie in the future trade consultations and negotiations outlined in the joint statement.

The North Korea nuclear issue may also have played a role in the de-escalation of trade tensions, as Trump ponders whether and when he should meet with North Korean leader Kim Jong-un. In a tweet posted a couple of days after the talks, Trump warned that, "China must continue to be strong & tight on the Border [sic] of North

Korea until a deal is made," claiming that it had become "much more porous and more has been filtering in."

Nevertheless, trade disputes may pose a long-term threat to the US-China relationship. Zhang said the US-China trade imbalance is down to their different position in the global division of labour, in which China has advantages in the labour-intensive and resource-intensive sectors, while the US has advantages in the financial and high-tech industries. As China develops its high-tech sectors, trade relations between the two countries will only become more competitive in the long run.

To Zhang and Mei, facing this new normal in the US-China trade relationship, China should maintain "strategic patience," promoting arrangements that maximise cooperation and bring mutual benefit to both countries. Many analysts believe that despite possible recurring trade friction, the two countries can work to accommodate both sides' interests and keep the world economy on the right track. ★





# FAIR TRADE

China-US trade relations seem more volatile than ever. But will the tension inevitably escalate to a trade war? Recent frictions offer lessons for both sides

By Li Jia

Trade is supposed to help maintain peace. So recent friction between the world's two largest economies has aroused concern over the impact not just on the world economy, but on world peace. Fortunately, China and the US have agreed to settle their disputes with more business deals, instead of levying tariffs against each other's exports.

Consultation in Washington between the Chinese delegation, led by Chinese President Xi Jinping's special envoy and Vice Premier Liu He, and the Trump administration, produced a joint statement on this solution on May 19. A US team will soon visit Beijing to discuss details of the deals proposed in the statement.

Why has China agreed to buy more US goods and services? If economic and trade ties between the nations face more trouble in the future, can the lessons of this round help avoid tension escalating again? Huo Jianguo, vice chairman of the China Society for World Trade Organisation Studies and former president of the Chinese Academy of International Trade and Economic Cooperation, a think tank under China's Ministry of Commerce, shared his views with *ChinaReport*.

**ChinaReport:** How do China-US trade relations affect the world economy?

**Huo Jianguo:** The world economy would be walloped if a sweeping trade conflict flared up between China and the US. This has already been made evident through, for example, the recent fluctuation of the US and European capital markets which resonated with the attitudes and actions of China and the US towards their trade friction. This is why more than 1,100 US economists signed up to an open letter to President Donald Trump and Congress in May, warning them not to repeat the mistake of 1930s-era protectionism, including imposing punitive tariffs, which sowed the seeds of the Great Depression and World War II. Today China and the US combined

account for 40 percent of the world economy and generate more than half of its growth. A trade war between the two would devastate the current world trade order or derail world trade flow. Importers and exporters facing additional tariffs will have to adjust not only the volume of their deals, but also their business partners and intermediary suppliers. It would disturb the supply chain of international trade. The resulting shockwaves could probably even halt the current world economic recovery.

Given the enormous size of their economies and exchange of trade and investment, China and the US are expected to play a positive role in stabilising the world economy. Now the two sides have agreed to put a trade war on hold and solve their disputes through negotiations. This has sent a positive sign to the world economy. China and the US should take responsibility as big powers and deal with their conflicts rationally.

**CR** Chinese President Xi Jinping's special envoy and Vice Premier Liu He told the media in Washington that the "most remarkable fruits" of the trade consultations during his visit were the bilateral consensus to avoid both a trade war and tariffs. What do you think are the major reasons behind this agreement after several rounds of tough words and actions?

**HJ:** The immediate reason is that both have realised that a lose-lose situation will be the only result of sanctions against each other. Neither side would like to take the risk. China's countermeasures have also worked to some extent. If China had not responded strongly with sufficient countermeasures, the US would probably not have returned to the negotiating table so quickly. China is more resilient than it has ever been to resist external shocks as China is growing stronger.

**CR:** In the joint statement, China agrees to "significantly increase" purchases of US goods and services to meet the "growing consump-



Dr Huo Jianguo

tion needs of the Chinese people and the need for high-quality economic development.” Will more imports from the US benefit China?

**HJ:** For China, the basic principle of the trade negotiations with the US is to fit in with the agenda of China’s reform and opening-up strategy, as well as China’s economic structural adjustment. Chinese consumers are asking for something better. China’s deficit in trade in services comes largely from Chinese consumers who travel and shop overseas. It shows a significant shortfall in domestic supply of branded food and luxuries for daily use.

Some US products, for example farm produce like fresh and dried fruits, can fill some of the shortfall in China. If China reduces the cost of imports by cutting tariffs and other import-related taxes, including value-added tax, consumption tax and tax on luxuries, it will boost imports significantly. We hope US exporters also improve their competitiveness to take advantage of China opening-up market access to expand their market in China. Trump said US farmers could sell whatever is available to China. This is not true.

The high-quality growth that China is pursuing is intended to raise living standards among the Chinese people. Domestic supply of many high-end products and services is not sufficient to meet this demand and will not be in the short term.

More imports of such goods and services are an effective way to meet this demand. And more imports will encourage domestic market competition in China. Chinese producers would be motivated to make things that are popular in the market. This process will accelerate industrial and consumption upgrading in China.

**CR:** The joint statement highlights US exports of agricultural and energy products. Why are these categories so important?

**HJ:** The US has competitive advantages in these two kinds of products, and there is huge potential demand for these products in China. After years of trade disputes, it is difficult to find US products that better match China’s market.

In terms of energy, it is also possible that Wall Street consortia are promoting their own interests. Regarding agricultural products, farmers are an important Republican base.

However, China needs to consider the balance between imports and domestic supply. Massive imports of US pork, sorghum, corn and even wheat would hit Chinese farmers and their market.

**CR:** China and the US have also agreed to expand trade in manufactured goods and services. What is the potential here?

**HJ:** The two sides are looking for opportunities to expand cooperation in both the manufacturing and service sectors. As China is trying to import more in different sectors, it is necessary to eye all possibilities. In manufacturing it’s high-end US goods and joint ventures with leading US manufacturers. Why did shares in Boeing and Caterpillar rise sharply at the news of the China-US agreement? They have a big market in China, which may be a major producer of engineering and heavy machinery, but it still needs to cooperate with the world’s leading companies on core technology.

In terms of the service sector, the financial sector has taken the lead this time.

Banking, insurance, investment funds and securities companies are now all partly or fully open to foreign investors. This is in part because of the influence of the Wall Street investment banks on US policymaking – they have long been eager to access China’s financial market.

Again, China has to balance opening up the service sector, particularly between opening to foreign investors and to domestic investors to create a level playing field. This is true for any economy in the world. The balance also means considering potential in other areas of the service sector. For example, Chinese patients have to line up for a long time in big hospitals due to the shortage of good quality healthcare resources. More joint venture hospitals can not only improve the existing healthcare system, but also boost the growth of the service sector.

**CR:** Will intellectual property rights become a more difficult issue than trade disputes between China and the US?

**HJ:** Not necessarily. More effective protection of intellectual property rights is what China needs now, and this is on the priority list of China’s reform agenda. It is a core part of whether China can achieve high-quality growth and implement its innovation-driven policies. As China opens its market to the rest of the world, it needs to build a good business environment in which effective protection of intellectual property is crucial. Otherwise the market will not be

PHOTO BY VCG

attractive either to foreign or domestic investors. A rules-based market is the best choice for China's development.

**CR:** Trade friction has pushed China and the US to the brink of a trade war. Is this a sign that their economic and trade relations have become too volatile to continue acting as the stabiliser of their bilateral ties as a whole?

**HJ:** Economic and trade relations remain the stabiliser of China-US ties. It is because of the expansion of two-way trade and investment that both sides attach so much importance to their bilateral economic and trade relations, and get so sensitive about trade friction.

However, it is possible that the China-US economic and trade ties will get more volatile still. As China rises as a power that holds different ideas on development and a different system, disputes and even conflicts will also rise between China and the US. If the two sides choose to contain their divergences in a rational way, the tension will not escalate.

However, these bilateral ties are highly complicated and involve various areas. They do not agree with each other on a number of issues, notably regional hot spots, their development paths and the reform of international multilateral institutions. New points of confrontation can be triggered if any of the divergences is not handled properly, prompting a difficult encounter between them. Both China and the US should take the broad picture of the bilateral ties into consideration when dealing with any particular disputes, and resolve the disputes through dialogue on the basis of mutual respect.

**CR:** What lessons can be learned from these negotiations?

**HJ:** Disagreements and conflicts are a reality that China and the US have to face. This means they have to be very careful when dealing with their relations. Disputes must be settled through communication. And it must be about maintaining ties, rather than focusing on competing for the upper hand. The ability to achieve this relies on soft power.

When entangled conflicts of interest are involved, they can probably be sorted out at a measured tempo to keep bilateral relations stable as a whole. The key is to have as much communication and cooperation as possible. This is true not only for trade issues, but for other issues too. While principles cannot be compromised, seeking cooperation in more areas makes the stable growth of bilateral ties possible.

For China, steady, robust economic growth will provide fundamental support for the country's foreign relations. The idea of pursuing high-quality growth driven by innovation and environmental protection has to be translated into action. Through this process, opening up to the rest of the world is the best way for China to communicate with the international community. It is also the most effective path for China to get stronger in international competition.

The US can work out that pragmatism is the right policy for dealing with China, while confrontation goes nowhere. In-depth



A pig farmer in Collins, Iowa expressed his concerns that they would suffer a loss this year if China imposed 25 percent additional tariffs on pork imports from the US, April 2018



Iowa is the second-largest agricultural producer and exporter after California in the US. Rick Kimberley, who has been running a farm there for more than 40 years, is considering adjust the acreage of his soybean crop out of concerns over possible additional tariffs by China, May 27, 2018

communication with China is necessary. Reducing the US trade deficit with China will not be possible without US efforts and cooperation. In many cases, problems can probably be solved more easily if the US becomes less obsessed with heavy-handed diplomacy. ★

## English Learning

# SPEAKING UP

China has set new standards for English learning that aim to put an end to the days when students could pass a test, but not actually speak

By Qin Kuan

Since the early 1980s, students all over China have been eager to study English, and to cater to the demand, there were a myriad of courses and methods – not all successful. The craze for English study persists to this day, and is even more appealing as China’s international engagement increases. Yet, the shortage of qualified English speakers continues to impede China’s global reach, due to the over-reliance on learning long lists of vocabulary to pass exams, rather than practical application of language.

New guidelines on effective English learning, the Standards of English Language Capability, were released on April 12 by the Ministry of Education (MOE) and the State Language Commission. They are set to take effect from June 1. As China’s first national evaluation standards for English proficiency, the guidelines apply to English learners at all levels, and constitute a major switch in focus to the assessment of language use capabilities.

## Practical Approach

Wu Sha, director of the foreign language testing sector of the National Education Examinations Authority under the MOE, told *ChinaReport* that the State Council announced a directive in September 2014 that was intended to readjust the criteria by which students are accepted into all levels of education, which is decided by sitting a rigorous entrance examination. The most notorious is the fiercely competitive annual national university entrance examination, or *gaokao*, which students spend years preparing for, and which decides their fate, for better or worse.

Education authorities vowed to reform the system and separate exams from enrolment into all levels of educational institution. The directive specified clearly that at the national level, there was a need to deepen reform in foreign language teaching and exams, and it proposed the concept of “foreign language proficiency.”

In response, the MOE set targets to construct a modern foreign language evaluation system with unified standards and multiple

functions. The English proficiency standards are the initial achievements of the reform.

Wu said that alongside China’s stronger presence in the world arena and the rapid growth of international tourism and communication, a growing number of international meetings have been held in China, so it is urgent to train more “international talent and their most basic capability is the proficiency in English.” She added that the level of foreign language proficiency as a whole leaves much to be desired. Over the years, Chinese foreign language learners have been notoriously good at exams, but weak in actually using the language.

In November 2017, the EP English Proficiency Index, one of the world’s largest rankings of countries by English skills, placed China 36 out of 80 non-English-speaking countries and regions. China scored 52.45 points, putting it in the low English proficiency category.

It stated that the average level of English language skills of Chinese people is only good enough to understand song lyrics, write emails on familiar topics, or communicate when travelling to English-speaking countries. Learners are far from being able to speak English for work or read advanced English material at ease.

Wu added that there are a number of English tests with different standards in China which are not well linked. To make matters worse, language teaching, language learning and language testing are performed separately, which fails to reflect overall language competence, in particular the language use capabilities of second-language learners. The new standards, she said, will test practical skills in the use of English, rather than the skills of taking tests.

## Back to Basics

Liu Jianda, vice-president of Guangdong University of Foreign Studies, told *ChinaReport* the English proficiency standards aim to “bring English teaching back to its original purpose” by providing a bridge to connect the multiple English exams in China. “The reform this time will play a pivotal role,” he said.

Liu, 51, chief academic adviser for the English proficiency



Students sit the College English Test

PHOTO BY VCG

standards, has been working in the English testing field in China for the past several decades. He told our reporter it was an enormous challenge for the expert team, comprised of more than 200 professors, to design the new standards.

In June 2014, the expert group started drafting the reform guidelines. They debated issues such as how to define language ability, how to design the standards to suit Chinese language learners, and how to make it recognisable worldwide.

According to the National Education Examinations Authority, experts were divided into eight groups to study influential language evaluation standards worldwide, such as the Common European Framework of Reference for Languages (CEFR) in Europe.

Liu said that Japan had copied CEFR, but that 80 percent of language learners in the country could only reach A1 and A2, the basic level, and only 20 percent could attain the intermediate level of B1 and B2. Very few language learners could achieve the advanced level of C1 and C2.

The Japanese experience motivated the expert team to establish standards to better suit the Chinese environment. These new standards will remove the over-reliance on reading and writing and give priority to the testing of practical language use. Before designing the standards, the expert group spent three years collecting data from 160,000 students and teachers and conducted empirical studies at over 1,500 schools at various levels in 28 provinces and regions.

The new standards define three categories of English language capabilities – basic, intermediate and advanced. Each level has three scales, which apply to all levels of English learners from elementary and secondary schools as well as universities, up to a near-native level.

The standards have detailed requirements for listening, speaking, reading and writing. For the first time, it covers practical aspects of language use, including cross-cultural communication, familiarity with

overseas cultures, and translation skills.

Han Baocheng, a language testing professor at Beijing Foreign Studies University, told *ChinaReport* the new standards will provide a reference for English language learners at various levels who will be able to assess their learning outcomes by themselves more precisely and efficiently. “It will make a difference to improve exam quality, better connect with overseas exams and offer feedback on teaching results,” he said.

## Testing Times

Nowadays in China, university students majoring in English are required to sit College English Tests (CET), which are comprised of two levels, CET4 and CET6. At most universities, CET4 is a prerequisite for graduation.

For those eager to study abroad or emigrate, other English language tests, including the British-Australian IELTS or the American TOEFL test are basic requirements. After the introduction of the new proficiency standards, speculation has been rife over whether CET4 and CET6 will be replaced and what impact the reform will bring to language teaching and exams.

Wu Sha told our reporter that the education sector and the job market have been using CET4 and CET6 as references for many years, and are widely recognised in Chinese society. “To this day there is no agreement on whether they will be abolished. The decision will be made after thorough consideration,” she said. “The education authority, however, may integrate some language tests in the future on the basis of the new standards.”

She added that because Chinese education has been exam-oriented for such a long time, it is hard to predict whether there will be pushback from society. “It’s not just in China, all across Asia there are similar problems in English exams,” she said, adding that she hoped students, parents and teachers would see the reform rationally.

Cao Li, professor of English language and American literature at Tsinghua University, said establishing unified standards of English proficiency in China will help promote communication and mutual recognition among the creators of various English tests in China and those that are better-known globally, such as IELTS and TOEFL. “China’s standards in testing English language ability can also be used globally,” she told *China Daily*.

In December 2016, Chen Baosheng, head of the MOE, signed agreements with Cambridge, which organises IELTS in the UK, to connect China’s English proficiency standards with IELTS. It is expected to be completed by the end of 2018. The connection with TOEFL is expected to be fulfilled in 2019.

According to Barry O’Sullivan, head of Assessment Research and Development at the British Council, which administers IELTS in China, the listening comprehension component of the test has already been standardised with China’s new language proficiency standards. He said that time will tell if this collaboration is a success or not, noting that it took repeated testing before CEFR was fully introduced in Europe. ★

## Breastfeeding Massage

# MAGIC HANDS AT A PRICE

A growing number of new mothers seek help from breastfeeding masseuses, but the service often causes more problems. China is now working to address the lack of professional advice to new mothers and to standardise the growing industry

By Yang Zhijie

Zheng Xinyi was due to give birth to her second child any day, but at what should have been a time of bliss for her, as it was for the rest of her family, she was instead focused on whether she would be able to breastfeed her child, after experiencing difficulties when her first baby was born.

On January 20, 2016, the 26-year-old gave birth to her first child at Xixi Hospital in Hangzhou, Zhejiang Province. Shortly after the delivery, she was in pain from clogged milk ducts, unable to lactate freely.

She learned that breast massage could help women in her condition, but when she asked her doctors for help, she was told the hospital did not provide the service.

Back then a masseuse promoting specialised breast massage service to help new mothers walked around the wards every day. Being anxious, Zheng readily accepted the service.

“I was clutching at straws,” she told *ChinaReport*. The masseuse told Zheng she had three years of massage experience and charged her 300 yuan (US\$50) per hour.

Despite the pain, Zheng underwent three rounds of massage, and this eventually helped her lactate. But a week later, she was astonished to find there was a lump in her right breast. She asked the masseuse for help but was told it was better to go to hospital to get a diagnosis. Doctors there told Zheng her breasts were seriously infected, and she

should stop feeding her child until after she had treatment.

## Chaotic Market

Wang Wenhua has been working for the breast surgery department at a major hospital in Beijing for more than 30 years. After she retired, she opened her own clinic, providing specialised breastfeeding services for new mothers. In recent years, Wang has often had to fix the problems caused when women have been given improper breast massage. “The market is in great chaos,” she told our reporter.

According to Guo Chunming, director of the training centre under the Chinese Association of Maternal and Child Health Care, nearly 20 million babies are born in China annually, and it is common for young mothers to encounter problems when breastfeeding their offspring.

“The rising demand has created a huge market. But many new mums find it hard to tell the good service from the bad,” he told *ChinaReport*. “When mothers suffer from problems when they breastfeed, massage can solve the problem quickly, but the end result is usually contrary to their anticipation.”

Zhao Peng, a doctor at the breast surgery department of the Maternal and Child Hospital of Lanzhou, in West China’s Gansu Province, told *ChinaReport* that his hospital has over the years treated a growing number

of breastfeeding mothers whose breasts were injured by masseuses. He said a mother who had been diagnosed with breast cancer even sought help from a masseuse rather than going to hospital, and the disease was eventually incurable.

Zhao has been working in the sector for 17 years, and when he started his practice, it was rare for mothers to have breastfeeding problems. Now there are problems that stem from commercial pressure – to use paid-for services – and social factors such as growing work pressure, diet and changes in attitude.

Since the 1970s, many new mothers abandoned breastfeeding in favour of infant formula, which they had been persuaded was healthier for the baby than breast milk. According to a survey by the National Health Commission in 2001 in five Chinese provinces, only 45.3 percent of new mothers exclusively breastfed in the first four months after birth. In Beijing, the figure was only 39 percent.

In 2008, when a tainted infant formula scandal hit China, in which melamine was added to powder, sickening thousands of babies and causing the deaths of six, mothers started becoming increasingly reluctant to give their babies domestic milk powder, returning to breastfeeding as they understood the importance of it for their children’s health. Zhao said that many young mothers do not have up-to-date medical knowledge,



A breastfeeding masseuse helps a new mother to lactate

PHOTO BY CNS

including a basic understanding of how to breastfeed.

Wang Wenhua also found that many young mothers learned about breastfeeding from overseas textbooks, but many materials are inappropriate for Chinese mothers because of the difference in body shape. Zhao added that most young Chinese mothers received breastfeeding education from hospitals, postpartum care service providers, or online platforms, but the advice given is either too technical or too simple.

Guo Chunming and his team recently undertook a survey on the ways in which mothers learn about breastfeeding, which found that 90 percent learned from online resources. “But online information is not comprehensive enough,” he said.

## Unregulated Market

New mother Zhang Xiaomeng gave birth three months ago. Shortly afterward, she also suffered from fluid buildup in her milk ducts, and after several masseuses could not help her, she came to a hospital in Beijing. The hospital cured her acute mastitis, but still recommended massage for the blocked ducts. Zheng Xinyi also sought advice from

Xixi Hospital in Hangzhou over her clogged and sore breasts, but was told the hospital could not help.

Zhao Peng told our reporter that specialised maternal and child hospitals do pay attention to breastfeeding and offer advice and training services, but some obstetrics and gynecology departments at general hospitals will not usually provide these services. “Doctors tend to have the perception that patients need treatment only when they are ill,” Zhao said.

Wang Wenhua explained that in recent years, there have been more breastfeeding problems because research has failed to keep up. “It’s become a problem – neither the obstetrics and gynecology departments, nor pediatrics and surgical wards have paid attention to it, and it’s become a social issue,” Wang said. Because of the negligence of hospitals, private massage businesses are thriving, she said.

*ChinaReport* recently visited several masseuse training companies in Beijing. Huahaoyueyuan, founded in 2014 in Beijing, identifies itself as one of China’s top postpartum care service providers. A staff member told our reporter that around 2008, breastfeeding masseuses began to gain popularity in Beijing. The employee claimed that “around 80 percent of breastfeeding mothers suffer problems, and the demand for masseuses is huge.”

Most masseuse training classes are divided into two parts: theory and practice. Trainees have to study traditional Chinese medicine and the structure of the breasts. The staff member at Huahaoyueyuan said on condition of anonymity that breast masseuses are not real professionals and currently there are no standardised training classes in the industry that stipulate what set of skills a masseuse should learn and how to respond to various situations.

Many training institutions do not have any threshold for education level and age when recruiting trainees. Our reporter found at several training institutions that most trainees are aged over 40 with no medical background or higher education. Trainees learn everything in just 10 days and then receive massage certificates issued by training institu-

tions. In Beijing, some experienced masseuses work independently, but most self-employed masseuses have to distribute business cards to expectant mothers in hospitals once they finish their training.

Guo Chunming said that lactation through massage is considered a medical procedure, and it is highly likely to bring harm to new mothers if done by someone who is not a qualified doctor.

A veteran breastfeeding massage trainer at Huahaoyueyuan, who has been working there for 10 years, said more people are learning massage skills amid the growing market, and many institutions that provide massage services cooperate with hospitals which will directly recommend masseuses to new mothers.

“In major Chinese cities like Beijing, patients and young mothers trust doctors most,” she said, adding that training institutions have to pay doctors and hospitals for the introductions.

Zhao Peng does not suggest young mothers hire masseuses to help stimulate milk flow. He added that clogged ducts can be relieved with massage, but the problem could persist if the root cause fails to be solved. He did admit, however, that masseuses in some sense can solve problems. “The profession exists for a good reason,” he said, adding it is urgent to raise the bar of the profession and regulate the market.

There is currently no proper qualification for a breastfeeding masseuse, so anyone can claim to be one. China’s Ministry of Human Resources and Social Security once offered courses and certificates, but all programmes ended in March 2018 thanks to a government reshuffle, according to a report by the *Xinhua News Agency*.

Guo Chunming told our reporter that the Chinese Association of Maternal and Child Health Care has been working to regulate the market. Starting in 2014, the association launched training programmes on breastfeeding, mainly open to medical staff at hospitals. He said the association has invited newborn nursery specialists, maternity experts and breast doctors to establish internal standards and it is expected to be expanded to the entire industry. ★

Meemann Chang

# For the Love of Fish Bones

Dubbed 'The Rose of Chinese Science,' Meemann Chang, one of China's leading paleontologists, tells *ChinaReport* about her life, career and undying love for fish fossils

By Fu Yao

Three days after the award ceremony in Paris, Meemann Chang was back in her office at Beijing's Institute of Vertebrate Paleontology and Paleoanthropology (IVPP). She declined almost all interviews and invitations. It was as though nothing had happened.

But on March 22, 2018, the 82-year-old paleontologist and evolutionary biologist was recognised at the L'Oréal-UNESCO For Women in Science Awards in Paris for her pioneering work on fossil records, which has led to insights on how aquatic vertebrates adapted to life on land.

Chang has spent years studying fish and animal fossils in the sedimentary basins of China's eastern coastal provinces. Her most important contributions to science have been her studies of the cranial anatomy of the earliest *sarcopterygians* (a type of lobe-finned fish) from

more than 400 million years ago in eastern Yunnan Province.

In 2016, Chang won the Romer-Simpson Medal, vertebrate paleontology's highest honour. The extinct *sarcopterygian* fish *Meemannia* was named in her honour.

At the ceremony, Chang delivered her acceptance speech in English, French, Swedish and Russian. Her intelligence, elegance and humour wowed Chinese internet users, who crowned her "the Real Goddess of China."

But the paleontologist is not yet used to her overnight popularity among netizens. "[Their zeal] surprised me greatly. I just did my work, and didn't do anything special, really," Chang said quietly.

Chang still invests most of her energy into fish fossil studies. "Retirement" is a foreign concept. Every morning she leaves home at 8:30am and arrives at the office by 9am. Holidays are her favourite



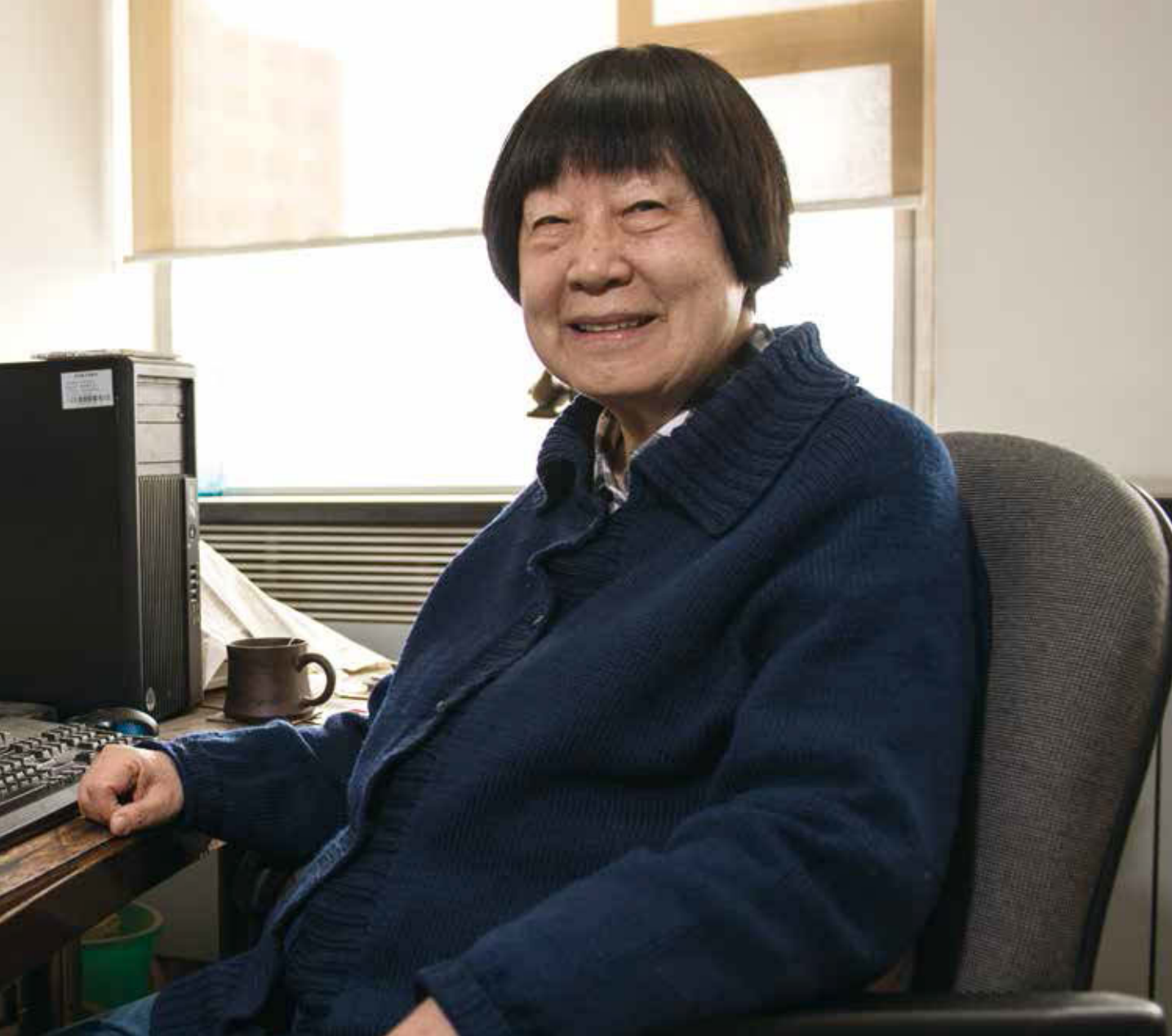


PHOTO BY DONG JIEXU

Meeman Chang in her office

time of the year, for when everyone else goes on holiday, she can enjoy a quiet time at the office tinkering among the ancient bones, undisturbed.

### **‘Marry First, Love Later’**

“My journey in vertebrate paleontology research started 60 years ago,” Chang recalled in her acceptance speech.

“At that time, I couldn’t choose my own career path. It was all planned [by the country]. The initial relationship between me and paleontology was very much like an ‘arranged marriage’—as the saying goes, ‘marry first, love later,’” she joked, drawing laughter from the audience.

Born in 1936, Chang grew up in an intellectual family in Nanjing, Jiangsu Province. She developed an interest in science at

a young age, inspired by her father, Zhang Zonghan, who was an outstanding professor in neurophysiology with a doctoral degree from Chicago University. Her father’s influence saw Chang dream of being a doctor.

This changed when Chang was aged 17 and decided to become a geologist in order to “serve the country” in the same way as many of her peers.

In the 1950s, right after New China was founded, the nation was in urgent need of geological talent. But Chang’s path changed once more in 1955 when she was in her first year of a geology degree at the China University of Geosciences in Beijing, when she was posted to Moscow University to study paleontology.

“At that time, I had no idea what paleontology was about,” she said. Chang and dozens of her peers were sent to study different disciplines

of science – including botany and zoology – to meet the needs of China’s scientific development.

At the suggestion of the leading Chinese fish scientist Wu Jianwen, Chang began her lifelong journey in fish studies.

The years in Moscow were a golden time for the young scholar. Chang and her peers collected petrified fish fossils on the riverbank in suburban Moscow; at night they boated on the Moscow River, casting a net and drawing it in at 5 or 6 o’clock in the morning. The crew compared the ancient fossils they collected with modern fish they caught to explore their relationship.

“We kept some of the fish for research, but as for the rest of them, we made delicious fish soup. Quite yummy actually,” the scholar recalled with a mischievous smile.

Chang returned to China, and began working at the IVPP in 1960. She began to “love” the ancient fossils during an early field project in Zhejiang Province.

“Those fossils looked so similar to modern fish, but still different when examined closely. What kind of modern fish did those fossils share kinship with? No one knew. It was a mystery,” Chang said. She grew more fascinated by the mysterious world of ancient fish and sought answers. “The interest grew bit by bit.”

Chang spent three months each year accompanying geological survey teams to collect fossils in the field, a practice she maintained until the age of 80.

The only female scientist in the team, Chang never got any special treatment during the outdoor scientific expeditions. She cut her hair short. She walked 20 kilometres a day, climbed hills and mountains with heavy equipment on her back, and slept on the ground in the wild. “Mosquitos, fleas, bugs and rats, those annoying things never gave us peace,” she recalled.

But now, those tough years are the elderly scientist’s most precious memories. “We were young, always had fun together and never felt tired no matter how hard it seemed,” she told *ChinaReport*.

In 1965, Chang was transferred to the Swedish Museum of National History in Stockholm to study, but the training was short-lived as the Cultural Revolution (1966-1976), which broke out a year later, saw her summoned back to China. It was not until 1980, at the age of 44, that Chang made it back to Sweden to continue her doctoral studies at Stockholm University.

In 1983, Chang became the first female head of the IVPP. As China’s most celebrated paleontologist, she played an instrumental role in reviving the country’s paleontological research, nurtured Chinese graduate students in paleontology, and assumed a pivotal role in fostering international collaborations.

It was the decade in which China gradually woke from isolation and strove to cope with the drastic changes taking place around the world. The surge of new theories, cutting-edge technology and newly established interdisciplinary fields in Western biological research left many Chinese scholars at a loss.

Along with other leading Chinese paleontologists like Zhou Mingzhen and Yu Xiaobo, Chang spent years translating new academic

papers, books and materials into Chinese, compiling them into two anthologies, laying the foundation for the development of modern Chinese paleontology.

“Those translated works had a far-reaching influence at that time. Western theories, after being introduced to China, were immediately put to use to guide scientific research. And the academic gap caused by the Cultural Revolution was gradually filled by the scientists of our generation,” Zhu Min, then a student who helped Chang with translations and who is now a researcher at the IVPP, told *ChinaReport*.

## Groundbreaking Discovery

In Chang’s IVPP office hangs a cartoon depicting the paleontologist herself strolling on a sunny beach, walking hand in hand with a bizarre, one-metre fish. The caption reads: “Young, let me take you to the 20th century!”

The painting was a birthday gift Chang received from a student seven years ago. The fish, identified as “Young” in the picture, represents her most significant contribution to science – the study of *Youngolepis*.

There is overwhelming scientific consensus that humans and other land-based vertebrates, or “tetrapods” (mammals, birds, reptiles and amphibians) are descended from fish. Our primitive aquatic ancestors experienced a comprehensive transformation of all body parts, including the respiratory system, to move from the ocean to land.

Humans have four nostrils – the two exterior ones, as well as two internal ones known as “choanae.” They function together to enable us to breathe through the nose into the lungs. For decades, the question of how humans came to have such a structure was a mystery.

It was the renowned 20th Century Swedish paleontologist Erik Jarvik who theorised that the *porolepiforms*, a prehistoric lobe-finned fish which lived in the Devonian Period (416m BCE-358m BCE), had three sets of nostrils: two external that were olfactory instead of respiratory, and one internal set for breathing on land. For years, this conclusion had been a mainstream view in international paleontology.

In 1980, Chang visited the Swedish Museum of National History in Stockholm and learned from Jarvik. She spent two years studying the fossil of *Youngolepis*, a genus of the earliest *sarcopterygians* from the Early Devonian about 407-416 million years ago. The fossil was unearthed by Chang and her student Yu Xiaobo in Qujing city, in Southwest China’s Yunnan Province.

Chang used the serial-section technique she had learned from Jarvik to investigate in exquisite detail the fine structure of the 2.8-centimetre cranium of the fossil. Over two years, she drew over 540 pictures and made thin wax plates. She created a three-dimensional scale model out of these wax plates, showing the internal structures clearly.

A eureka moment occurred in the process of drawing and sectioning, as Chang discovered that the *Youngolepis* had no internal nostrils at all. Such a surprising finding led her to re-examine *porolepiforms*, which she found had no internal nostril either.

“At first I couldn’t believe my eyes. How come it was different from what my teacher [Jarvik] said? Then I read books and rechecked it many times and was finally sure: It was indeed different. The discov-



PHOTO BY IC

Meeman Chang gives a speech at the L'Oréal-UNESCO For Women in Science Awards in Paris, March 22, 2018

ery was a big thrill,” Chang told *ChinaReport*.

Chang’s discovery overturned the mainstream view and led to a decade-long debate on the characteristics of lobe-finned fish.

In the early 1990s, Chang and her student, Zhu Min, unearthed the fossil of a small lobe-finned fish called *Kenichthys*, which dated from 395 million years ago in Qujing, Yunnan Province. *Kenichthys* is important to the study of the evolution of tetrapods because of its unique nostrils: they show the evolution of nasal passages at their mid-way point, with two nostrils in between the front teeth.

The unique respiratory structure of *Kenichthys* provides vital evidence for the theory that while the two nostrils remain on the exterior, the other set slowly moved through the teeth and palette to become choanae.

## Dedicated Life

“Professor Chang’s forthright words and actions do offend some people,” says Miao Desui, one of Chang’s long-term academic partners who has co-authored more than 20 articles with her. “It is quite an understatement to describe her as a mild-tempered person.” Miao is the paleontology collections manager at the University of Kansas, and a research associate at the IVPP.

In Miao’s eyes, Chang, whether as a leader or a researcher, is a person of ruthless directness who “sticks strictly to the principles.” “She hates academic misconduct in the scientific research community to the bone and never hesitates to lash out,” Miao said.

Chang has been even busier since 2016 when she received the Romer-Simpson Medal. Her life is increasingly crammed with meetings, paper reviews, letter writing and seeing old friends.

“Getting busy made me a bit anxious,” the scientist told *ChinaReport*. “I would be extremely happy if I could have six or seven hours every day for research without being disturbed,” she said.

Chang is currently researching the throats of cyprinid fish that lived during the more recent dinosaur age (known as the Mesozoic Era (252m BCE-66m BCE)).

In the mid-1990s, Chang handed over the fruitful study of fish fossils in the Devonian Period to Zhu Min and other younger scholars and turned her focus to Mesozoic fish studies.

Unlike the Devonian, the Mesozoic Era is not a significant turning point in the course of life evolution, meaning Mesozoic fish fossils are usually deemed to have less potential to produce immediate and fruitful academic research.

Chang has made efforts for two decades to research these “unwanted hard bones,” hoping that one day scientists of younger generations may discover something important based on her long-term accumulations. “I might not have the chance to see the result in my remaining days. But surely such work must be done,” she said.

Chang feels a sense of urgency and manages to invest as much time as possible into research. She often motivates herself with a quote, which she loves dearly, from the poem “Huanxisha: A Visit to Qingquan Temple” by the great Northern Song poet Su Shi (1037-1101). “Who says life cannot be young again? / Even the river in front of the temple is flowing west. / There is no need to sigh that time goes fast and man becomes old quickly.”

“I feel there are still too many things out there waiting for me to discover. I have no time to feel tired,” she said.

Zhu Min understands how her mentor feels. “For scientists who research evolution like us, the life of a human being is nothing but a short episode in the entire process of animal evolution. Paleontology, as a branch of the basic sciences, might not have an immediate influence on human society as applied sciences do. But our work is to help people understand the history of the Earth, and make a contribution to completing human knowledge,” Zhu told *ChinaReport*. ★



Rise and Fall of Zhouzhou

PHOTO BY YCG

# WHEN THE MUSIC STOPS

Hu Yizhou (known as Zhouzhou), who has Down Syndrome, was hyped as a star orchestra conductor when he was 19 years old. Now his father struggles to help him fulfil his musical dreams

By Kui Yanzhang and Xie Ying

**D**espite his significant weight gain, Zhouzhou, now 40, has the same childlike appearance that was on display in a documentary that catapulted him to fame 20 years ago. The star, who has Down syndrome and the IQ of a preschool child, has never lost his love of music. In 2015, a talk show hosted by Hubei Television invited Zhouzhou and his father back to

the stage. When the host asked Zhouzhou if he would like to perform with an orchestra made up of musicians with disabilities, he replied quickly and loudly in the affirmative.

As soon as the music played, Zhouzhou was up, waving his hands and moving his body to the beat.

“Zhouzhou is actually not a conductor. He can’t direct musicians, nor does he possess the

quality or the skill required to be a [professional] conductor,” Hu Houpei, Zhouzhou’s father, told *ChinaReport* at Light Up Life, a Shenzhen-based not-for-profit performance troupe where Zhouzhou works.

Time has turned Hu’s hair grey and the 78-year-old is resigned to the reality that Zhouzhou is just an ordinary man with an intellectual disability. However, to sustain

his son's dream, he still fights to find performance opportunities for Zhouzhou. The Light Up Life troupe hopes to trade on Zhouzhou's celebrity status, though it has now faded. In the office where *ChinaReport* interviewed Hu, a poster of Zhouzhou hung on the wall adorned with five giant Chinese characters, reading "A Talented Conductor."

In the late 1990s and 2000s, Zhouzhou was a household name in China. He had been to five countries on three continents; visited many of China's renowned tourist attractions; numerous celebrities had watched his performances, including former Chinese presidents Jiang Zemin and Hu Jintao and former premier Zhu Rongji, and he performed with superstars like Arnold Schwarzenegger, Hong Kong singer Andy Lau and Chinese mainland singer Amy Mao Amin.

But now those achievements have faded and Zhouzhou performs fewer than 10 times a year. Born in Wuhan, Hubei Province, he now spends most of his time in a dormitory in Shenzhen, practicing his act with a CD player and playing with his colleagues.

## Zhouzhou's World

For his part, Zhouzhou appears to have little understanding of the major changes in his life. Diagnosed with Down syndrome at the age of three, a doctor told Hu that Zhouzhou's IQ was around 30, defined as moderate to severe intellectual impairment.

At the time Hu worked as a bass violinist with the Wuhan Song and Dance Theatre (WSDT) and took Zhouzhou with him to work. At the theatre, little Zhouzhou loved to roam around and watch the performances, ranging from symphony to dance, from poetry recitals to Peking Opera. Most of all he loved conducting. During lunch breaks, Zhouzhou regularly climbed onto the conductor's podium to imitate a conductor. He said the opera *Carmen* was his favourite music.

These experiences were explored in the

documentary *Zhouzhou's World* made and released by Chinese director Zhang Yiqing in 1998. Zhang came across Zhouzhou at WSDT in 1995, noticing the young man imitating a conductor on the stage with a pencil in his hand.

It deeply impressed Zhang, whose request to make a documentary about Zhouzhou was quickly approved by Hu. "I believe the documentary will bring more attention to people with disabilities," Hu reportedly told Zhang Yiqing.

The shooting went smoothly – although Zhouzhou could not understand what was going on, or what the crew around him was doing, he did not appear to mind the camera and the team following him around to record his daily life.

In 1998, Hubei Television aired the documentary. It was then picked up by State broadcaster China Central Television (CCTV), which added seven minutes of additional footage. Thanks to CCTV's influence, TV stations in Germany and France bought the broadcast rights and Zhouzhou's tale spread further. The young man shot to fame overnight and Hu received piles of letters every day, many asking him how to foster and train children with Down syndrome. Even then, Hu did not expect Zhouzhou would become a household name in China.

## Made into a Star

Diao Yan, then a violinist in the WSDT and Zhouzhou's best friend, has played a determined role in changing Zhouzhou's fate. During shooting, Diao bought Zhouzhou a suit and asked the Duisburger Philharmoniker, a visiting German symphony orchestra, if they would allow Zhouzhou to perform with them. The Germans refused.

But WSDT conductor Mei Duxin, sensing the need to help fulfil Zhouzhou's dream, helped him get on the stage later with his own orchestra. At the end of one performance,

Mei asked the orchestra to play *Carmen*, and asked Zhouzhou to conduct the music. "He taps into the music and loses himself in it: he 'dances' with pure joy," Mei said in the documentary.

Diao spotted a chance. Believing Zhouzhou had potential beyond a mere documentary, he started taking him to all sorts of events.

On January 14, 1999, Hu received a call from Liu Xiaocheng, director-general of the China Disabled People's Performing Art Troupe (CDPPAT), who invited Zhouzhou to perform at their Spring Festival Gala for a group of foreign guests and an American foundation that was visiting Beijing. "I want to help Zhouzhou realise his musical dream by inviting him to conduct a real orchestra for a real performance," Liu told Hu. He revealed that the invitation was actually from Deng Pufang, the first son of the late Chinese leader Deng Xiaoping, who was paralysed by red guards during the Cultural Revolution (1966-1976) and who has served as the chairman of China's Disabled People's Federation since 1988.

Hu agreed. He said it took Liu four months to look for a group that was willing to perform with Zhouzhou. After being refused by four, Zhouzhou was accepted by the China National Opera & Dance Drama Theatre. "They regarded the performance as playing a game with Zhouzhou – they would pace themselves regardless of how Zhouzhou would conduct," recalled Hu.

Zhouzhou took no notice of people's comments about him. He just spent his time practicing and played a somewhat unusual show that day. When the music ended, the foreign guests all stood up and applauded and Zhouzhou calmly gestured for them to stop and conducted another piece of music, the "Radetzky March" by Johann Strauss Sr. The audience exploded with applause. "Thank you for helping fulfil Zhouzhou's



Zhouzhou performs with the Hubei Disabled People's Performing Art Troupe, November 16, 2017

dream,” Deng Pufang said as he turned his wheelchair towards the performers, instead of towards the audience.

After that performance, Zhouzhou featured in many media reports and was crowned a “talented conductor” and a “musical genius.” Wuhan Municipal Disabled People's Federation even proposed building a bronze statue of him, though Hu refused.

Despite the media revelry, there were, of course, sceptics. Renowned conductor Zheng Xiaoying, told Beijing-based paper *Music Weekly* that she opposed identifying Zhouzhou as a conductor. “It's more like dance,” she said. But her voice was soon drowned in waves of hype as mainstream media dominated the discourse, and there were few other channels, like blogs or WeChat today, that tolerated differences of opinion.

“I know that some music experts have their doubts about Zhouzhou, but they had no

way to make themselves heard when the media and the public were all praising him and he even had Deng Pufang's support,” Hu told *ChinaReport*. “I knew from the very beginning that Zhouzhou could not be a conductor, but he has an excellent sense of music and his performances have brought happiness to many people,” he said.

### The Peak

But the revelry ends sooner or later. Zhouzhou now conducts with a CD player, and he has not seen Diao for 17 years.

According to Hu, his conflict with Diao began in May 2000 when Zhouzhou was invited to a charity gala organised by Special Olympics China, where Zhouzhou would perform with stars like Andy Lau, Amy Mao Amin and Arnold Schwarzenegger. To Hu's irritation, Diao Yan took Zhouzhou to Beijing without him.

Later that year, Diao told Hu that Special

Olympics International (SOI) had invited Zhou and Diao to the US, and planned to reward Diao for taking care of Zhouzhou. Hu got the invitation card in private, only to discover that SOI did not invite Diao, let alone promise such a reward. After Hu questioned this, Diao admitted he had lied.

“Diao was taking advantage of Zhouzhou, since his daughter was studying in the US and he wanted a chance to get over there and get a green card,” Hu claimed. The incident led to a breakdown between Diao and Hu. Diao later went to the US alone and severed his connection with the WSDT staff, and *ChinaReport* was unable to confirm Hu's accusations with him.

Zhouzhou performed in the US the same year, when the CDPPAT, led by Deng Pufang, made an official visit to the country. Before that, Zhouzhou attended a recital, at which then-Chinese President Jiang Zemin watched the troupe perform.

In Hu's view, the performance in the US was the pinnacle of Zhouzhou's conducting career as he performed with one of the top 10 US symphonies, the Cincinnati Symphony Orchestra, at Carnegie Hall. “Never did I, a lifelong violinist, dream of performing at a world-leading hall, but my son did, regardless of his low IQ,” Hu said.

### The Decline

But there was more to the story. Hu told *ChinaReport* that the Cincinnati Symphony Orchestra had issues with Zhouzhou's lack of professionalism, but they compromised for financial reasons – they received a US\$30,000 fee from the Chinese side for the performance.

One year after that performance, Zhouzhou moved to Beijing and worked with CDPPAT for a monthly wage of 1,000 (US\$150) yuan. At the time, Zhouzhou had been well known for two years and was tired of dealing with fame.

Yet his fame did not bring fortune to the family, and his mother had been suffering

from cancer for several years. In order to pay for the treatment, Hu started to take Zhouzhou to moonlight at commercial performances, without the approval of CDPPAT.

“Zhouzhou received many [commercial] invitations at that time, and the hosts would arrange everything for Zhouzhou, including accommodation and work at CDPPAT,” Hu said. “We made 30,000 yuan (US\$4,600) at most for one particular performance.”

Hu said commercial performances were not allowed at the time until the organisers had met a complex range of demands from local authorities, but few officials would refuse a disabled person’s request, especially a famous one. Many local officials watched Zhouzhou’s performances in person.

Zhouzhou’s novelty eventually wore off, the offers stopped pouring in and he spent more time being a bench-warmer at CDPPAT. This led Hu to agree to found “Zhouzhou’s Symphony,” an idea proposed by Jin Guohua, then head of Huazhong University of Science and Technology Wuchang Branch.

Their cooperation ended inside a year, with Hu claiming Jin was “ignorant of music.” The symphony was transferred to another company that cut the members from 43 to 28.

“An orchestra should have at least 43 musicians. A 28-piece hardly even qualifies as a ‘tiny’ one. Meanwhile, the company told everyone they were a ‘big symphony.’ They discredited both themselves and Zhouzhou,” Hu said.

Hu severed ties again, but this time no one but himself was willing to take over the symphony. Hu tried to support it with the money earned from Zhouzhou’s declining commercial work, but after mounting debts, he disbanded the symphony four years later.

Over one decade later, media outlets, even though they had an interest in Zhouzhou, shifted the narrative to the reasons behind his rise and fall. “Supposing Zhouzhou was not mentally disabled, would his conducting



Zhouzhou and his father Hu Houpei

still catch so many eyes?” asked commentator Liang Hongda on a 2015 episode of *Viewing the World with Liang*, a news commentary programme hosted by Liaoning Television. “Zhouzhou’s unusual popularity was based on people’s sympathy and thirst for novelty. Zhouzhou satisfied such demands... Yet, in today’s information era, people have quickly shifted their focus onto newer and fresher things.”

Zhouzhou has worked with Light Up Life for nearly two years. It’s one of the few troupes still willing to organise symphony performances for him. Before that, Zhouzhou worked with a private troupe in Beijing for three years. Things were grim there – to cut costs, the troupe often replaced orchestral with folk music and even asked Zhouzhou to perform without music or dance to popular songs.

“I will try to find chances for Zhouzhou to perform to make his life meaningful and

joyful, since music, conducting, audiences and orchestras are his reason for living,” Hu said in the emotional interview programme hosted by Hubei Television in 2015.

Some criticised his words. “You still regard your son as an angel rather than an ordinary man. You hope he will always have an orchestra to direct and always be happy, but how many people, whether or not they’re disabled, are able to lead so ideal a life? And how capable are you of achieving this for your son?” commentator Cheng Ligeng asked Hu in an interview for Yunnan Television. “Consider why Zhouzhou was so popular. Because of himself, or the fact that people did not expect a mentally disabled man to conduct music?” Cheng went on. “We are exhausting Zhouzhou’s talents and happiness. Are you sure that this is exactly what Zhouzhou wants rather than what we’ve forced on him?”

Hu, who appeared embarrassed by Cheng’s remarks, remained silent. ★

# Chinese-Thai Conglomerate Behind £13m Golf Club Fit-out

One of UK's most prestigious golf clubs is making a comeback

By Mafalda Borea and Shirong Chen

The BMW PGA Championship 2018 has produced a new champion. The European tour was played on the West course of Wentworth Club in Surrey. Fine weather and the refurbished grounds and clubhouse attracted huge crowds.

Spectators cheered the players while taking in the beauty of the immaculate course, so much so that a few of them got too close to the players and got hit by a flying golf ball.

Investment by the Reignwood Group, a Chinese-Thai company, made it possible. In 2014, Reignwood bought Wentworth, one of the world's most prestigious golf clubs. The latest refurbishment of the course and the luxury clubhouse which finished in early May – just in time to host the BMW PGA Championship – cost more than £13 million.

Reignwood has made sure the refurbishment maintained the Clubhouse's iconic exterior and the building's famous features, while giving its interior a complete makeover to the highest standards.

This occasion completes a revamp of the

Club that started with the redesign of its famous West Course, completed in May 2017 to glowing reviews from the world's best players.

Reignwood's European portfolio also includes the historic Port of London Authority building in the City, which has been restored and transformed into a luxurious five-star hotel as well as deluxe serviced flats, managed by Four Seasons Hotels & Residences. The building is also home to an elite private members club, TEN Trinity Square, which has a special partnership with Château Latour and a restaurant led by a three-Michelin-star chef.

In addition, the group is a Principal Sponsor of the London Symphony Orchestra, a unique association through which they support the ensemble's work in both the UK and China. This follows the clear strategy defined by Reignwood Europe with a special emphasis on promoting Sino-British cultural exchange.

During Chinese President Xi Jinping's visit to the United Kingdom back in October 2015, he referred to the beginning of "a golden era" for a "special relationship" with

Britain. Since then, and in line with the Belt and Road Initiative, there has been a rise of Chinese companies setting up offices in the UK.

For the British, as they prepare to leave the European Union, China will matter more than ever. As the countdown to Brexit begins, it will be natural for the UK to look for new trade and investment partners to make up for the huge loss Brexit is about to realise.

With a wide portfolio of investments, Reignwood is one of the latest Chinese groups to call the UK their European hub.

According to Woraphanit Ruayrungruang, Executive President of Reignwood Europe, the company's vision is to "create world-beating town and country luxury hospitality, whilst being a bridge for British and Chinese cultural and business exchange."

By refurbishing the famous golf course, restoring the historical grandeur of the LPA building, and sponsoring the London Symphony Orchestra, Reignwood is hoping to find a new way to consolidate its investment through fostering cultural values and building bridges between the East and the West. ★



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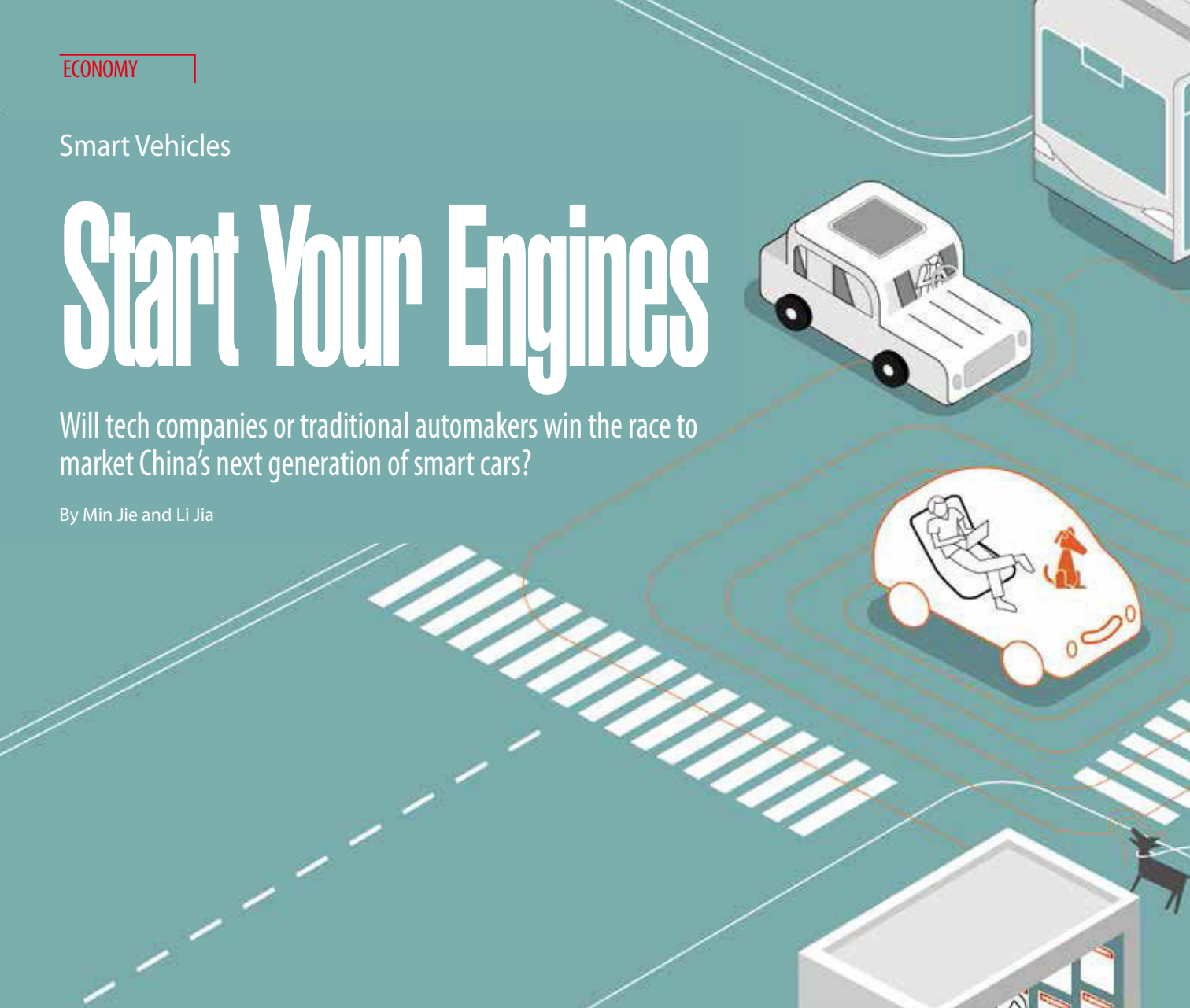
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## Smart Vehicles

# Start Your Engines

Will tech companies or traditional automakers win the race to market China's next generation of smart cars?

By Min Jie and Li Jia



“When you arrive at a high-speed train station, a driverless car comes to you.

You can get in the car and leave the station. The car brakes automatically and steers more precisely than a person. It does not have the problems of drunk driving, drowsy driving or texting while driving.” It’s a vision that would enrich our lives and save us time, as we can control the facilities in our flat or office on our way. This is how driverless cars will change our lives in the future when they become a common means of transportation, according to Chen Anning, general manager of car company Chery, as he addressed a

forum on April 25 at Beijing’s Auto China 2018 exhibition. There, he unveiled the company’s roadmap for smart travel, and pledged to mass produce its Level 3 self-driving car by 2020, which would offer full automation in certain conditions but require driver intervention in an emergency.

The same day at the same show, Beijing-based Singulato Motors announced it would deliver its first smart car at the end of the year, an electric special purpose vehicle with some self-driving features. Two days later, it pledged to release a third generation car in 2019. It also announced a partnership with

Beijing Automotive Industry Holding Company (BAIC) to develop smart and new energy motors (new energy refers to battery electric vehicles and plug-in hybrid vehicles).

Unlike Chery or BAIC which have years of automaking experience, Singulato defines itself as an “innovation-oriented internet company.” Before joining the company, shareholder-CEO Shen Haiyin worked in the computing and internet sector for more than 20 years, including as a senior executive for major companies. Over the past four years, an array of new car brands have been created by startups similar to Singulato.



Known as a “new force in automaking,” they focus on new energy smart cars, and plan to bring their brands from concept to mass production within the year. Veteran automakers employ the same strategy. The competition promises to shape the current and the future journey of China’s car industry.

### Green and Smart

At car industry forums held in Beijing in April, executives, researchers, government officials and PR representatives of Chinese auto giants and tech companies discussed the coming era of new energy smart cars.

Li Qingwen, director of Carbingo Academy, an online platform that advises car buyers, told the 10th Annual Global Auto Industry Summit that new energy autos are a “necessary stage” and smart cars the “most sensible strategic choice” for China’s auto industry on its path to the future.

Although Tesla immediately impressed the market with its powerful batteries, it impressed Shen more with its integration of the internet into vehicles. Shen drove a Tesla for the first time in 2014 after borrowing it from a friend. He told *ChinaReport* he was surprised to find the hardware was designed as a programmable platform which made it possible to add new functions to its existing models at any time by updating the software. This is how internet concepts have redefined automaking, he says. By contrast, in conventional car manufacturing, all parts and functions must be made exactly the way they are designed. So a new design, such as heated seats, can only be realised in the next generation, which might take five or six years to come to fruition.

Shen uses the following analogy. A conventional car is a restaurant that only serves what is on the menu – let’s say meat fried with green chillis, or egg and tomato stir-fry. But a smart car is a supermarket that sells meat and vegetables, and it’s up to customers to decide which ingredients to use, and how.

China’s tech giants have all jumped on the bandwagon. Tencent, Alibaba and Baidu have already begun to compete in building operating systems for cars. The three giants, as well as e-commerce platform JD, have invested in major new auto players such as NIO, an electric smart car technology company established in Shanghai in 2014. In March 2017, Tencent acquired a five percent stake in Tesla.

Once all-electric cars can run more than 500 kilometres with a single battery charge, the market for oil-fuelled and hybrid energy cars will be smashed, claims Zhao Zeguo, a sales consultant for Chery’s new energy cars. He told *ChinaReport* he was confident that this technological breakthrough could be realised within two years.

The existing automaking industry has high barriers to market access because of the fully

integrated supply chain, which is dominated by automakers that control factories and designs. Electric cars are expected to challenge this, says Wang Xiaoming, director of Research Development of Industrial Economy at the Development Research Centre of China’s State Council. Battery producers will have more say in the supply chain, and automakers could also produce cars for other car brands. Independent contractors could emerge as we have seen with electronics manufacturing giant Foxconn which does not have its own brand. All this means newcomers, whether internet teams or battery makers, will have more chance of building a stronger presence in the automaking industry than ever before.

### Running Mates?

With so many new players rushing into the market, relations have grown more complicated than in the conventional auto industry. When electric smart cars first emerged, there was more cooperation than competition. In the US, some startups developing self-driving systems do not make their own cars. They instead use one or two car models to test various new designs, turning the cars into concept vehicles to test the market. Shen thinks his company should do the same, providing hardware equipment for driverless autos, such as cameras, ultrasonic wave and millimetre-wave radar, to software developers who would focus on the algorithms and big data. This would make Singulato a platform where any operating system for driverless autos could be tested.

These major new automakers are now considering building an alliance to share resources and do collaborative research. Shen thinks that it is because consumers are yet to be convinced that electric smart cars are worth buying. “If an electric smart car company fails, the market sentiment towards electric smart cars will be hit hard,” he said.

But relations between this group, referred to as the “new automakers,” and conventional automakers are delicate.

In the race to develop electric smart cars the former, with their advantages in artificial intelligence, seem to be edging ahead. But the latter’s supply chain dominance is expected to



PHOTO BY YCG

A self-driving vehicle undergoes a crash test



PHOTO BY XINHUA

A self-driving vehicle undergoes a road test in Xiongan, Hebei Province, August 24, 2017

hold for the foreseeable future.

Without manufacturing experience or an automaking licence, tech-savvy startups of the “new automakers” are seeking support from existing giants. “Internet-savvy teams are good at developing cool designs, algorithms and applications, but the real competition in the future will be over quality, safety and cost efficiency,” said Cheng Bo, director of the Suzhou Automobile Research Institute of Tsinghua University. Cheng told *ChinaReport* this was why the new players needed to improve their manufacturing ability by collaborating with conventional producers. For example, Anhui Jianghuai Automobile Group (JAC), an automaker listed on the Shanghai Stock Exchange, announced in May 2016 that it would produce electric cars for NIO with investment from Chinese tech giants, as well as Chinese and international venture capital. Meanwhile, these new players, including NIO, Singulato and VM Motors, are building their own manufacturing bases.

Huang Shaotang, chief technology officer of the research arm of Guangzhou Automobile Group (GAC), told *ChinaReport* that while public opinion once favoured the new players and many thought conventional automakers would become mere assembly lines for them, this was no longer the case. “I was once almost convinced by this forecast. However, what happened in the past year has proved that the pendulum is moving back to automaking companies,” he said.

Some technology companies have

sought to turn ordinary cars into smart cars by installing their own software and systems. Huang does not believe this will work, and claims automakers will better their performance when it comes to automatic safety and control systems.

However, conventional automakers are certainly feeling the heat. GAC is preparing by building their own big data system. It has joined with internet and AI companies, including navigation software company AMap, and iFlytek, an intelligent speech and language technology company from Anhui Province. Meanwhile GAC, JAC and King Long United Automotive Industry, a bus and van maker from Fujian Province, are working with internet giants to develop operating systems.

It is too early to say who will lead the market in the future. “Conventional automakers may become just manufacturers, or they may acquire internet-oriented teams. Either is possible,” said Chen Bo.

### International Race

The Chinese government has also been eager to embrace electric smart cars. Electric automakers and buyers are granted tax exemptions and subsidies. In Beijing, an electric car buyer has much more chance of getting a licence to own and use the vehicle than someone buying a fuel-powered vehicle. Zhao Zeguo of Chery attributed the fast growth of the electric car market in the past three years largely to government support.

More exciting, but difficult changes are ex-

pected when it comes to making cars as smart as possible. Shen said the new automakers that focus on electric autos without a smart system could be squeezed out of the market quite soon once conventional auto giants all turn to electric.

In this regard, an urgent challenge for both conventional and new automakers is to bring their concept vehicles to the market.

“Consumers are fed up with all the talk. It’s time to prove that driverless cars can win consumers, market and capital,” said Huang Shaotang of GAC.

The government is ready to help realise this. Beijing and Shanghai have approved road testing for some driverless cars. Xiongan New Area in Hebei, a national special zone with the ambition of growing into a green, smart and innovative global city, could be the first city in China to realise smart transportation and autonomous driving. Xu Bin, vice director of the reform and development department of the Xiongan government, told *ChinaReport* that it would be built as a highly digitally integrated city from the outset. On December 20, 2017, seven cars self-drove about four kilometres on the open road in the city fully autonomously.

In early January 2018, the National Development and Reform Commission, China’s major economic planning agency, issued a draft of a national strategy for smart cars. It highlights the significance of the industry not only in solving traffic and environmental problems, but in promoting China’s innovation-oriented growth. It warns that major

# CHINA BY NUMBERS

developed countries already have a head start through their national strategies and technological advantages. It aims to have smart cars account for half of new cars and have wireless vehicle-to-everything communications systems covering 90 percent of China's large cities and highways by 2020.

A lot must be done to achieve those goals. Wang Xiaoming of the State Council's research division believes it is necessary for the government to take a broader view when mooting auto industry policy. He stressed the future of the auto industry should be part of the future of transportation, energy transformations and the digital economy. He added that the regulatory framework for the auto industry should cover both manufacturers and transportation service platforms.

China still lags behind international auto giants on sensors, algorithms and chips. Chinese automakers typically have teams of hundreds of personnel that research and develop these technologies – far fewer than the tens of thousands of personnel in such roles at Germany's Volkswagen or Japan's Toyota, according to Wang Xiaoming. And sourcing parts and components once smart cars are designed on paper will also prove tough. "The supply chain of the auto industry in China is yet to be strengthened," Cheng Bo said.

Though Germany and Japan may be champions of car and chip manufacturing respectively, the US is leading smart car development right now. Cheng attributed this to the combination of Silicon Valley's power in AI and Detroit's breakthrough in self-driving technologies. He thinks China can compete with the US on how the match between capital and technology can create new technologies, products and business models, as China has shown strong potential in internet technology applications. Wang agreed, saying that Chinese companies are competitive on communication technologies, geographic navigation, AI and big data. In addition, the complicated road conditions also give China an advantage. A car which is tested in China should be able to run any place in the world, Cheng added.

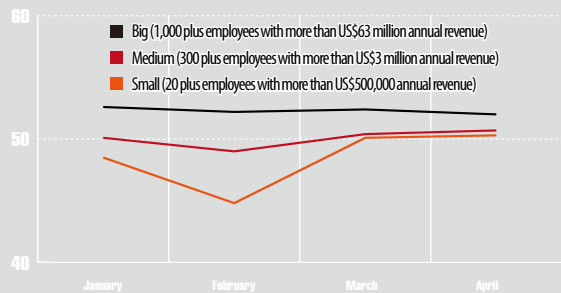
The race is on. ★

## 50.3%

China's Purchasing Managers' Index (PMI) for small manufacturing companies in April, where figures above 50 percent indicate expansion of business

Source: China National Bureau of Statistics

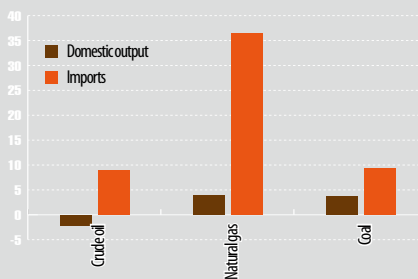
Monthly PMI by size of company in manufacturing



## 1.32 million tons

Volume of China's average daily crude oil imports in April, a record high

Year-on-year change in China's output and imports of oil, coal and natural gas, January – April 2018



Source: China National Bureau of Statistics

## 1.05 billion

Number of 4G (fourth generation) cellphone users in China for the first quarter of 2018, accounting for 72 percent of total cellphone users in China.

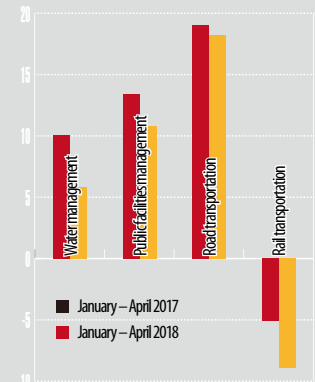


Source: Ministry of Industry and Information Technology of China

## 12.4%

Year-on-year growth in infrastructure investment in the first four months of 2018, down from a monthly average of near 20 percent in 2017, and 23 percent for the same period last year.

Year-on-year growth of infrastructure investment by select sectors

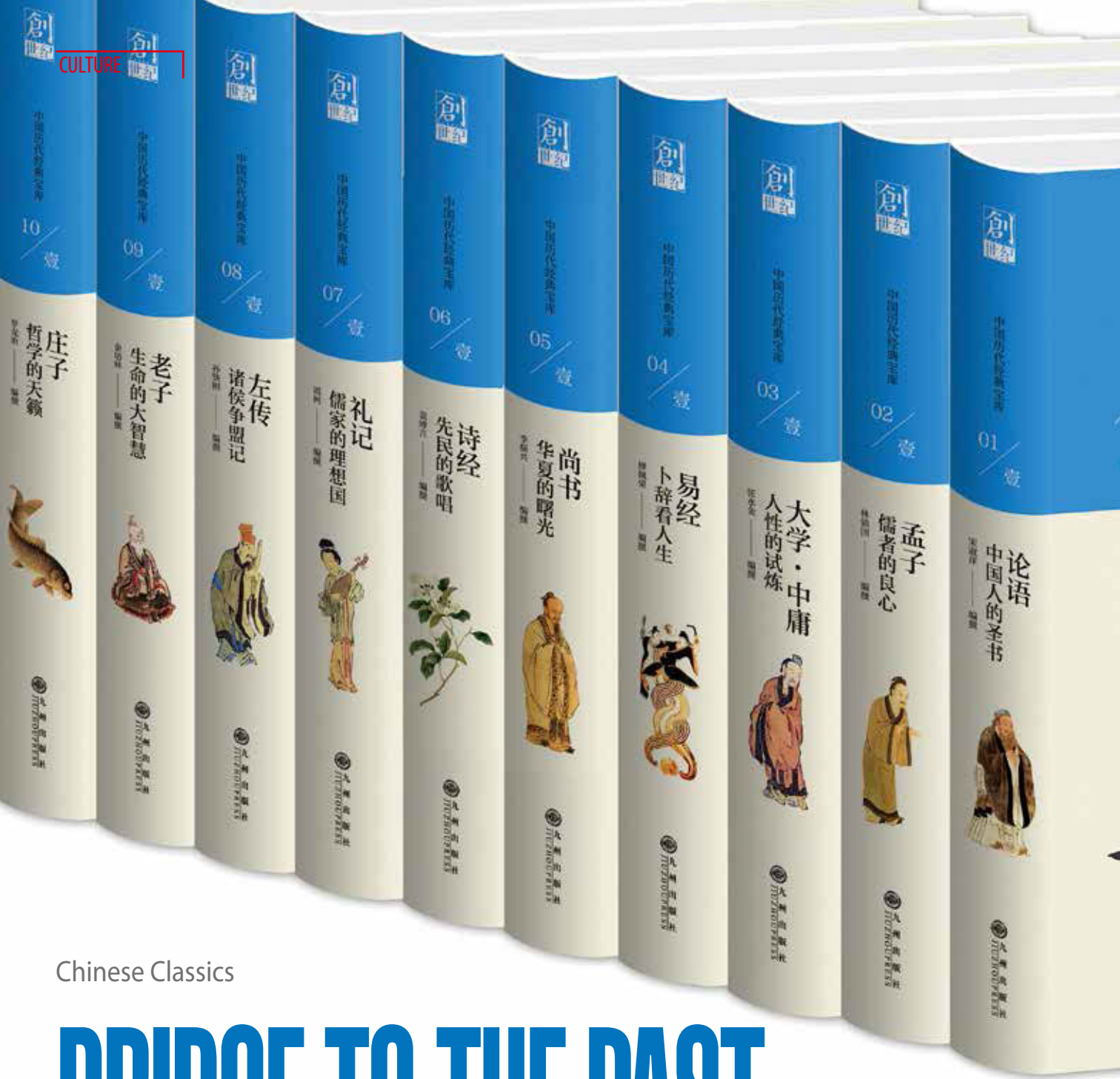


Source: China National Bureau of Statistics

## US\$687.5 million

Revenue from China's new environmental protection tax in the first quarter of 2018 (collected from polluting companies).

Source: China Ministry of Finance

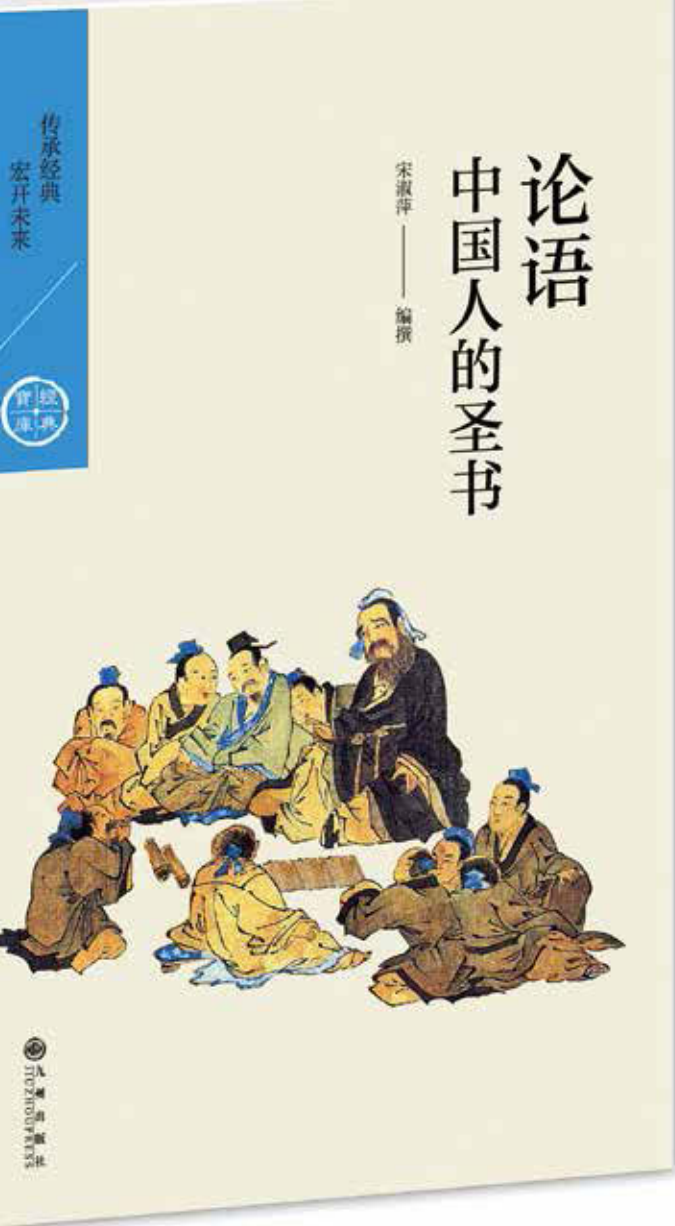


Chinese Classics

# BRIDGE TO THE PAST

*The Treasure House of Chinese Classics, the most influential book series on traditional Chinese culture in Taiwan's publishing history, has built a bridge between modern common readers and traditional culture*

By Li Hang



The Treasure House of Chinese Classics

PHOTO BY IC

How to merge traditional culture and modern lifestyles in a global cultural landscape has been a concern of Chinese intellectuals for more than a century.

In the oceans of ancient Chinese books, what classics are still necessary for modern readers? *The Treasure House of Chinese Classics* series gives a clear answer. The 60-volume series is regarded as the most influential popular classics series in Taiwan's publishing history.

The series has selected 60 of its "essential and best-read classics" from over 250,000 ancient texts, such as *The Book of Poetry*, *The Analects*, *Tao Te Ching*, *Zhuangzi*, *Records of the Grand Historian* and *Zizhi Tongjian*. Texts have been chosen to cover various fields of traditional Chinese culture, including philosophy, history, religion, literature, art, geography, agriculture and ancient technology.

Each volume is finely written and interpreted by 60 renowned writers and scholars in Chinese literature, history and culture, including acclaimed writer and editor Jan Hung-Tze, prose writer Zhang Xiaofeng, linguist Lo Seo-Gim, historian Lei Jiayi and literary scholar Wang Meng'ou.

First published in 1981 by the China Times Publishing Company in Taiwan, *The Treasure House of Chinese Classics* was well-received and became a milestone in Taiwan's publishing history. More than five million copies have been sold and it has been reprinted each year.

The series was first introduced to the Chinese mainland in 2013, and a reprinted edition was published by Jiuzhou Press in April this year.

"By reading it, one may find the cultural genes that bind the ancient, modern and contemporary Chinese together and see the process of how the genes were formed, evolved and deconstructed, and then reformed, re-evolved and reconstructed," the writer Liang Xiaosheng comments.

### Tradition or Modernity

"We all know that Chinese traditional culture was greatly suppressed after the May Fourth Movement. On the Chinese mainland, traditional culture was crushed during the Cultural Revolution (1966-76). Taiwan also suppressed its culture, but with the ceaseless efforts of cultural scholars such as Qian Mu, Xu Fuguan and Mou Zongsan, the vein of our culture has been maintained and continued," Zheng Chuangqi, deputy editor in general of Jiuzhou Press, said during the book launch of *The Chinese Classics* on April 18.

The May Fourth Movement, one part of the New Culture Movement, was an intellectual revolution and sociopolitical reform movement that traced its roots to May 4, 1919. The movement was directed towards Chinese national independence and rebuilding society and culture. During the New Culture Movement, young intellectuals almost wholly repudiated traditional culture and exalted Western ideas, particularly science and democracy. The New Culture Movement greatly accelerated China's pace towards modernisation, but broke the bones of traditional Chinese culture.

Initially, the industry saw the publication of *The Treasure House of Chinese Classics* as an unbelievably bold venture, considering its gigantic quantity, high price and popular indifference towards traditional culture at the time.

In the late 1970s when Taiwan's economy had yet to take off, it was hard to imagine the prospect of a multi-volume series selling for 20,000 NTD (US\$668) – the rough equivalent of three months' income for a typical Taiwanese high school teacher. To promote sales, the China Times Publishing Company even launched a campaign, in which a fine bookcase was offered as a bonus for each customer who bought the series.

In Taiwan, in the aftermath of the New Culture Movement, the arm wrestling between Chinese and Western cultures continued into the late 1970s. The economy, social development, school curriculum and urban planning of Taiwan were thick with the aura of modernisation. Young Taiwanese showed a great interest in Western technology, literature and art, and they rushed to Western countries to study, turning their backs on traditional culture.

It seemed odd to highlight traditional culture in the modernisation-oriented economic, social and cultural environment of the time.

"We knew it was not easy, but the work must be done. We hoped that the series could enter each household and every parent could prepare it for their children as a way for young Chinese to cherish our culture. To publish this series was a significant cultural movement and cultural programme back then in Taiwan," Taiwan-born scholar and thinker Gong Pengcheng, a professor at the Chinese department Peking University, told *ChinaReport*. Gong participated in editing the *Journey to the West* volume of the series.

Gong said that in the 1950s and the mid-60s, Taiwan scholars were most concerned with the political question of whether to choose centralisation or democracy. From the mid-60s to the 1970s, the most-debated question among intellectuals was the direction of culture.

"This book series gave a straight answer to the problem of whether society should go back to traditional culture or embrace modernity. We need to sail towards modernisation, but we need to know more about ourselves, seek our own cultural roots, know how our culture was born and grew, so we can stride towards a better modern society," Gong said.

Gong said the series would have not been a success were it not

for the ceaseless efforts of the acclaimed Taiwanese writer, editor and publisher Kao Hsin-chiang.

Kao played an active role in promoting Chinese culture in Taiwan. He was once the chief editor of *Human Realm*, the literary supplement of the *China Times* (Taiwan's leading newspaper). Kao and his wife Ko Yuan-hsing, chief publisher at the China Times Publishing Company, were determined to create a series of books on the most essential texts in Chinese culture.

In 1966, former Taiwan leader Chiang Kai-shek launched the Chinese Culture Revival Movement, which saw a large number of annotated ancient classics published. However, from Kao's perspective, these publications were too academic to be understood by the public, which made the purpose of popularising classics "hit the rocks," as he wrote in the preface of the first edition of the series.

"Our decision to edit, compile and publish *The Treasure House of Chinese Classics* is a reflection and reaffirmation of our path of classics popularisation," Kao wrote.

## In Common Words

The series was first introduced to the Chinese mainland in 2013. Two more classics have been added in the latest reprinted version: the ancient Chinese divination text *I Ching*, also known as *Book of Changes*, and the classic doctrine of Confucianism, *Zhongyong*.

A clear message of the series is that Chinese classics should be shared by all, not available only to a small privileged community of humanist scholars.

"A large number of these classic Chinese texts were written by common people for the common people. Why did we cast aside the treasure trove that was prepared for us?" Kao wrote.

"Accessibility is one outstanding feature of the series. Take *The Analects* as an example. Unlike the one annotated by the famous philologist Yang Bojun and published by the Zhonghua Book Company, which is too academic for the public, *The Analects* in this series is presented in a simple style for young readers," Zheng Chuangqi told *ChinaReport*.

The selected text in the series has been interpreted and rewritten in modern Chinese by renowned scholars and writers. To popularise and promote these classics, the writers had to make some bold changes to the original texts.



**“We hoped that the series could enter each household and every parent could prepare it for their children as a way for young Chinese to cherish our culture”**

Ordinary readers might shrink at the sight of the quantity of *Zizhi Tongjian*, the historiography by Sima Guang and others from 1084 AD that consists of 294 volumes. Here, historian Lei Jiayi has shortened it into a single book and rewritten it in a more accessible, popular style.

At the same time, some short classic texts in the series have been expanded. The 5,000-word *Tao Te Ching* has been thoroughly annotated, interpreted and rewritten into a 100,000-word book by the scholar Yu Peilin.

The series gives each ancient classic a modern title, such as *Chinese Holy Book*, *Analects* and *Mirror of Emperors: Zizhi Tongjian*. *Shishuo Xinyu*, a book consisting of over 1,000 short historical anecdotes, is given the title, *Tweets of the Six Dynasties*. *Liaozhai Zhiyi*, translated as *Strange Stories from a Chinese Studio*, a collection of nearly 500 mostly supernatural tales from the early Qing Dynasty (1644-1911), is given the title *A Ghost Talk in the Melon Shed*.

In an interview with *People.cn*, the renowned cultural scholar and writer Yu Qiuyu described the series as “a happy visit to traditional culture in common words and modern thinking.”

## Build a Bridge

In the latest book launch, history scholar Yan Chongnian said *The Treasure House of Chinese Classics* had built a bridge between popular readers and classic culture.

“Reading it is worthwhile. Different levels of readers can choose their own way to read the series. Experienced readers with a knowledge of classics can turn directly to the original text while popular readers can read the modern language version and understand the essence of the classics with the assistance of thorough interpretation,” Yan said.

“I myself resolved to read one volume every month, and finish the entire series in five years,” he added.

Yan shared a story that impressed him during his visit to Taiwan in 2007. He asked the same question of three Taiwanese reporters who interviewed him, “Can you recite the whole *Analects* and *Mencius*?” The three answered that they could.

“Later I was told that, in Taiwan, if students couldn’t recite the entire *Analects* and *Mencius*, they can’t graduate from high school. Then I asked the same questions to a few of my Taiwanese friends, who were all above 50, and they responded confidently that they could recite them right now right here. I was so impressed by that,” Yan said.

Why is it important for modern readers to read the classics? From the perspective of Yu Shicun, a writer and distinguished researcher at the graduate school of the Chinese National Academy of Arts, modern Chinese could lose their sense of “self” if they don’t have the right attitude towards their own culture.

“Chinese intellectuals haven’t helped Chinese people settle down with our own culture very well. It leads to the sad fact that a large number of Chinese see emigrating to foreign lands as their ultimate life goal. Even many Chinese scholars see it as their life’s purpose to find a job in international academia and get their children to emigrate to another country,” Yu said in a speech at the book launch.

“We have yet to establish a consistent attitude towards our own culture. As a result, young people shy away from traditional culture, oblivious to the fact that life should be supported by knowledge of the classics. It is far from enough for individuals to live and seek for their ‘self’ in society and never reflect on classical culture. Without the backbone of classics, the ‘self’ could just be a castle in the clouds,” Yu said.

Yu Qiuyu argues one thing that turns ordinary readers away from traditional Chinese culture is that many complacent intellectuals with a smattering of culture tend to portray the ancestors as pedantic metaphysicians and moralists.

“*The Treasure House of Chinese Classics* shows a totally different picture of Chinese culture, full of vivid life stories, wit, interesting ideas and imagination. Ancient philosophical thoughts are presented in a free, diverse and not-in-the-least pedantic way, giving readers the freedom to contemplate, select and evaluate on their own. [...] It helps readers understand what the Chinese are really like,” Yu said. ★

## Cross-Strait Relations

# A WAR OF SHELLS AND WORDS

Wang Chengbin, a former commander of the Beijing Military Area, recounts the past tensions in the Taiwan Strait

By Nan Jun

China's Civil War officially ended in 1949 when the Kuomintang (KMT), led by Chiang Kai-shek, was defeated and fled to the island of Taiwan. But in reality, that was just the beginning of a three-decade confrontation in the Taiwan Strait, with both sides exchanging live fire, loudspeakers blaring political slogans and balloons airdropping propaganda leaflets.

Wang Chengbin, a former Beijing Military Region commander who witnessed the 30-year standoff, told *ChinaReport* what it was like to guard the frontier through a war of shells and words, and finally to peace.

After the shelling died down, bullhorns fell silent and balloons were grounded, a rainbow of peace and quiet finally appeared above the strait at the beginning of 1979.

## War of Shells

In the early 1950s, Chiang Kai-shek's forces launched limited attacks from Kinmen and Mazu against the coast of the Chinese mainland. Both sides viewed the islands as a potential launching pad for a KMT invasion to retake the mainland and had an interest in controlling them.

Tensions across the strait reached a climax in 1958 with the Kinmen Artillery Bombardment, also known as the 823 Artillery Battle.

Kinmen, also called Quemoy, a Taiwan islet three kilometres from the Chinese mainland city of Xiamen, Fujian Province, has been a military base where for years Chiang concentrated his army to prepare to recapture the mainland.

When the 823 Artillery Battle broke out, Wang Chengbin was Deputy Regimental Commander of the 271st Infantry Brigade, 91st Division, 31st Army.

In 1958, the mainland had gradually finished building military airfields along the southeastern coastline. The newly opened Yingtan-Xiamen Railway connecting Jiangxi with Fujian provided convenient transportation and more frequent dispatches. As a result, the People's Liberation Army (PLA) went ahead and gathered its forces to coordinate with the PLA navy along the seashore.

There were air and naval skirmishes in mid-July. Wang recalled that the slogan "We shall liberate Taiwan" sonorously echoed at all levels. The 271st Infantry Brigade was fully prepared.

Air skirmishes were generally brief, lasting about three to five minutes. Wang and his soldiers watched from below. Every now and then, they saw one or two fighters vanish from the air with a plume of black smoke, but it was impossible to tell who had prevailed until news of the situation was inter-

nally announced by the army each evening.

On August 23, 1958, the PLA began an intense artillery bombardment against Kinmen, launching 57,000 shells.

The first wave of artillery fire took Chiang's army by surprise. It struck the tunnel entrance of the Kinmen Defence Command (KDC), killing two deputy defence commanders and wounding the Defence Commander Hu Lieh.

Wang said it was Shi Yichen, Deputy Commander of the Fuzhou Military Region, that planned and organised the sudden attack.

The tunnel entrance of the Kinmen Defence Command was located behind Mount Taiwu, a blind spot from the mainland. Precision bombardment was nearly impossible.

Underground tunnels had become the most secure storage and shelter. Tunnels with a total length of 2,500 metres built underneath the town of Jincheng had become important supply channels during wartime.

Shi learned the exact position of the tunnel entrance after he interrogated a couple of spies from Taiwan. To prepare for a precise and sudden strike, he and his troops spent two days simulating a bombardment on a mountain geographically similar to Mount Taiwu with a 152 millimetre howitzer.

After 44 days, on 6 October 1958, the



PHOTO BY FOTOFE

Wang Chengbin in Xiamen, 1955

mainland halted the shelling. Dead and wounded Taiwanese soldiers numbered close to 3,000. There was a sharp turn in mid-October, when the 271st Brigade was abruptly ordered to withdraw from the frontline. Wang and his troops were told to march deep into the mountains of Longyan District, Fujian, to make iron and steel. The ill-fated mass steel campaign had begun. It was part of the Great Leap Forward of 1958-62 led by

Chairman Mao Zedong that aimed to rapidly industrialise China's agrarian economy. Chinese society was mobilised to make iron and steel via any means possible, with the single-minded goal of surpassing the UK in production within 15 years. The military was a major part of this.

But the artillery fire on both sides did not stop. It continued for the next two decades, ending for good in January 1979 after the

US and the People's Republic of China recognised each other. Firing would take place on alternate days of the week, but it was more symbolic after the 1950s, when the shells were replaced with propaganda leaflets.

### Widow Island

Wang told *ChinaReport* that the frontier military tension resulted in thousands of families being torn apart. "Widow Village" on Dongshan Island was such a case.

Dongshan is a county in southern Fujian Province, located along the Taiwan Strait. In 1950, at the end of the Chinese Civil War, the island was the frontline between the Communist Party and the KMT.

From 1950 to 1953, as Chiang Kai-shek's KMT forces retreated from the mainland, they took with them more than 4,000 men from Dongshan Island to help fortify an army that might someday recapture the mainland.

The seizure of men left Dongshan reduced to "an island of widows." In Tongbo Village, over 140 men, mostly married, were taken on one night.

Nevertheless, the homesick conscripts were stuck in Taiwan, unable to return home for nearly four decades. Their wives were left to fend for themselves with little news of the men until tensions between the mainland and Taiwan eased in the 1980s.



A house lies in ruins after the 823 Artillery Battle, September 4, 1958



A PLA artillery base during the Kinmen artillery bombardment

Another kind of war was being waged daily across the Strait, with different weapons. Both sides fought for psychological and ideological dominance, using loudspeakers to broadcast taunts and influence each other.

By 1953, five radio stations targeting Taiwan had been established off the coast of Xiamen, the shortest distance between the mainland and Taiwan. In response, Taiwan built five stations in Mashan and Dadan, at the points where Kinmen is closest to the mainland.

Both sides broadcast 24 hours a day, 365 days a year, fighting for dominance of the airways across the Strait. Enormous speakers blared propaganda-filled slogans and denunciations.

The “Nine-headed Bird” is located on the eastern shore of Dadeng, an island of 20,000 off the coast of Xiamen. Designed by the Institute of Physics, Chinese Academy of Sciences, with a diameter of 2.28 metres and weighing 1.7 tons, it is said to be the world’s largest military loudspeaker.

The noise from the massive speakers was clearly audible for 12 kilometres. Each side’s speakers and broadcasting studios were regularly targeted by artillery fire.

For the most of the 1950s, 60s and 70s, broadcasts from either side were full of political attacks.

Many programmes from the Taiwan side attacked Mao and the Communist Party, while others depicted the rich and happy life of the Chinese on the island of Taiwan.

The broadcasts of the mainland side urged national unity and encouraged KMT soldiers and officers to return home to the mainland. Announcers would speak Putonghua first and repeat the message in the Fujian dialect, a language shared by people in both Xiamen and Kinmen.

From the 1970s, both sides refined their tactics again.

Taiwan began to mix in the songs of Teresa Deng, a Taiwanese singer known for her sweet voice and gentle love songs, to win the hearts of those on the mainland.

By order of Premier Zhou Enlai, two significant changes were made in August 1972: first, weather reports started to include Taiwan; second, the daily programmes would end with, “We wish you a good night, our Taiwan countrymen.”

### Balloon Battle

While the mainland was mired in political turmoil and its economy remained stagnant, Taiwan witnessed rapid industrialisation and high economic growth rates, becoming one of the four Asian Tigers.

Artillery battles and broadcasts exerted limited influence. But what really struck the military and civilians on both sides was the battle of the balloons.

In the mainland, balloon bases were established along the estuary of the Minjiang River and in central and southern Fujian Province. Taiwan located its balloon bases in the cities of Taipei, Taichung and Tainan.

Autumn and winter were the best seasons for the mainland side to release rubber bal-



PHOTO BY FOTOF



PHOTO BY FOTOF

The “Nine-headed Bird,” on the eastern shore of Dadeng Island of Xiamen, Fujian Province, is said to be the world’s largest military loudspeaker, weighing 1.7 tons and with a diameter of 2.28 metres

loons targeting Taiwan, as they brought the west and north winds. In spring and summer, however, the east and south winds brought balloons from Taiwan at a slow and steady pace (except during typhoons). With the prevailing offshore winds, the balloons could reach the mainland in about two minutes.

The balloons flew high and exploded, raining propaganda down onto the ground below. Scraps of paper and small parcels stealthily fell by the feet of passersby.

It did not take long for Wang, then Deputy Commander of the 29th Army, to get the hang of the balloon battle. The 29th had its own balloon base in a village near Shishi County, Fujian Province. From there, more than 20 staff worked to send balloons to Taipei and Taichung.

The base had a huge factory six stories tall where balloons were inflated to the size of a house, with its ideological payload tied beneath. As the electric rooftop door opened, the balloon was pulled upward along the slide track. Once away it drifted up to the sky, and

was carried on the wind to Taiwan.

Painstaking calculations were required to time the payload’s release, taking into account wind direction and speed. If released too early, it would fall uselessly into the Taiwan Strait, and too late, the Pacific Ocean.

Most of the material was political leaflets, but on special occasions such as the Mid-Autumn Festival and the Spring Festival, branded liquor such as Maotai and Wuliangye, Chunghwa cigarettes and many other local products were also carried along.

For a time during the Cultural Revolution (1966-76), pocket editions of *Quotations from Chairman Mao Zedong*, also known as the “Little Red Book” were carried across the sea to Taiwan. The Taiwanese complained that they picked up too many little red books. One paper mill in Taichung made a request to the military for approval to let it destroy all these little books and turn them into recycled paper.

Taiwan mainly airdropped leaflets too, but sometimes added sweets, cookies, toys and

even watches. Often they would also drop palm-sized transistor radios which could only broadcast Taiwanese channels, as well as cassettes of Teresa Deng songs.

PLA soldiers were strictly forbidden from picking up the leaflets, radios or any other items sent from Taiwan. Nevertheless, as Wang told *ChinaReport*, the messages and photos were printed too large to ignore. One could see the content clearly just by glancing at it.

As China began its economic reforms and gradual opening in 1978 in the shadow of the Cultural Revolution, tensions across the Strait began to ease.

On January 1, 1979, the “New Year Messages to Compatriots in Taiwan,” issued by the Standing Committee of the Fifth National People’s Congress, marked an official end to the mainland’s shelling of Taiwan-held offshore islands and a shift towards the goal of “peaceful reunification” instead of “armed liberation” of Taiwan. The propaganda war ended soon afterwards. ★



# On Design and Research of Pricing for Paying Subscribers

**Abstract:** Pricing of pay TV has a direct impact on the number of digital TV subscribers. This paper analyzes the changes in cable TV subscriber base over the recent year, and analyzes pricing schemes for paying subscribers of cable network, IPTV and OTT, in a bid to provide a theoretical basis for pricing of pay TV operators.

**Keywords:** Cable Network , Pricing, OTT

Zhang Lele, State Administration of Radio and Television, Supervision Center

## Foreword

With the release of the Annual Report on the Development of China's Radio and TV Cable Network Technology, the cable network has entered a key period of upgrading and transformation, which also comes as a golden opportunity for upgrading and developing cable networks, and cable television is an important form of pay television. Against this backdrop, adjusting cable network's pricing scheme will effectively ensure a stable base of paying subscribers and prevents it from further declining. This paper not only designs, compares and analyzes the pricing schemes of cable network, but also predicts and discusses IPTV, OTT's subscriber bases and pricing schemes. First of

all, let's take a look at the overall picture of the cable network market.

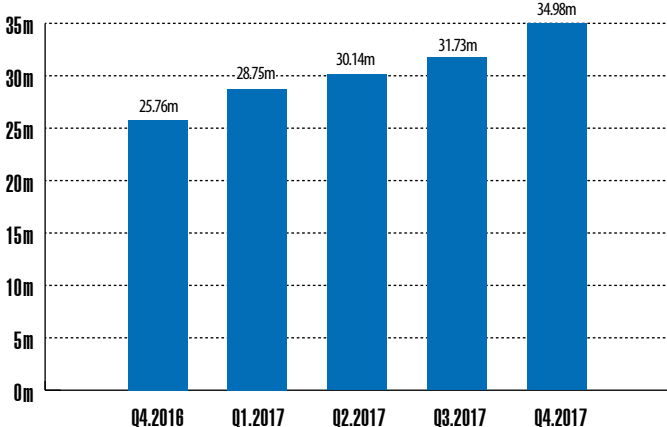
According to the China Cable Network Industry Development Bulletin for Q1 2018, although the country's cable network subscriber base saw a significant decline of 5.639 million households in the first quarter of 2018, the global number of paying subscribers for cable network, satellite television, IPTV and IPTV services exceeded 1 billion for the first time ever, with the Asia-Pacific region as a hot spot for growth.

## 1. Share of cable network paying subscribers: Development trend

### 1.1 Development trend of cable network paying subscription in 2017

In 2017, China's digital cable network subscriber base totaled around 209 million. HDTV subscribers saw a net increase of over 100 million to reach 88.02 million. VOD subscribers reached 61.668 million, including 1.939 million SD VOD subscribers and 55.046 million HD VOD subscribers, which saw a quarterly increase of 6.31%, and are gradually becoming the mainstream; 4K VOD subscribers totaled 4.629 million in the fourth quarter, representing a quarterly growth of 6.687% and accounting for 7.5% of VOD users; In 2017, new users of the industry's broadband business rose by 33.13% year-on-year to reach 34.895 million, accounting for 14.39% of total cable network users, up from 10.41% recorded at the end of 2016.

#### Households with cable network broadband



### 1.2 Cable network programs' rising ratings

From 2017 to the first quarter of 2018, the ratings of cable network programs have been continuously on the increase. Taking Anhui TV (AHTV) for example, on Hefei City's cable network, ratings of AHTV Economy & Life Channel (5.94%, TOP 1) and AHTV Satellite Channel (5.71%, TOP 2) both saw a decline compared with the average levels recorded in 2016, but they still held the top two spots; AHTV Movie & Drama Channel's (4.6%, TOP 4) ranking remained unchanged; AHTV Public Channel (3.4%, TOP 8), AHTV Variety Channel (2.57%, TOP 12) and AHTV Science & Education Channel (0.43%, TOP 38) all saw improved ratings.

On the Anhui provincial cable network, AHTV Satellite Channel (13.30%, TOP 1), AHTV Economy & Life Channel (7.09%, TOP 3), and AHTV Movie & Drama Channel (6.95%, TOP 5) all re-

corded growth in ratings, with AHTV Economy & Life Channel and AHTV Movie & Drama Channel's ratings both up by more than 1.1 percentage points from their 2016 averages.

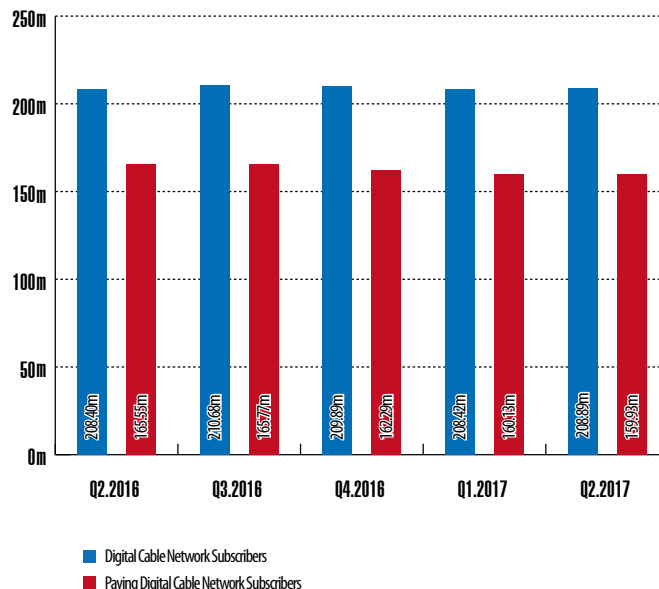
### 1.3 Cable network subscribers' higher demand for pricing plans

With the quarterly increase of cable network paying subscribers, the rise in program ratings, and the improvement in program quality, cable network paying subscribers are able to choose from different network service providers based on their personalized demands, and pay relevant fees. Through the national cable television monitoring system, we can find that in 2017, China's cable network operators lost 9.3 million digital cable network subscribers, while IPTV and OTT subscribers grew by 35.45 million and 38 million, respectively. Therefore, there has been growing demand for pricing from paying subscribers, as well as growing importance of both pricing design and market-oriented improvements.

## 2. Design and improvement of pricing for cable network paying subscribers

As a variety of industries make major breakthroughs thanks to the Internet technology-dominated new technologies, improving pricing for paying TV subscribers has become particularly important. The design of pricing schemes has a direct influence on user experience and operators' costs. Therefore, we explain one by one cable networks' different pricing methods.

### 2.1 Speed-based pricing



In the “Internet+” era, the pricing for mobile broadband networks has an even richer pricing structure, no longer limited to addition or removal of services in traditional packages, or adjustment for a higher or lower pricing scheme. Some mainstream mobile telecommunication operators are innovating the pricing structure and speed-based pricing by exploring the synergistic relationship among data, network, and terminal. European operator EE’s speed-based pricing is not based on 2/3G and 4G networks, but on different speed plans under the 4G network environment. For cable network operators, this practice could serve as a new dimension for pricing, not just a short-term selling point to attract subscribers. The logic behind this pricing scheme is “high speed, high data allowance.”

### **2.2 Terminal-based pricing**

This is a data terminal equipment pricing method based on terminal types. It is a pricing method that takes the form of terminal access fee in a sharing plan in the “Internet+” era, designed based on the type of a terminal accessed to a sharing plan, with differentiated charges for different terminals, such as Internet cards, tablet computers, netbooks, or other new pricing methods for applications of new terminals, with the rise of in-vehicle communication terminals and wearable devices.

### **2.3 Content-based pricing**

Over the past year, China’s provincial and municipal cable network companies have explored and experimented cable network content products. Similar to the pricing for IPTV paying subscribers, content-based pricing embed into the cable network products with strong local characteristics, such as video services, data services, and value-added services, which, after being encrypted, are divided into different data pricing plans such as data plans, video plans, and life service plans, allowing for customized subscription. For example, personalized pricing plans are available for subscribers of new services, including the data services launched last year for group clients such as “Smart City”, “Smart Transportation” and “Smart Community”.

### **2.4 Afterpay model**

The afterpay model means the cancellation of tiered subscription fees and adoption of monthly subscription-based pricing. With this model in place, all the tier pricing plans exclude free audio and video services, while embedding free viewing duration and comprehensive

services instead, which lower prices for the smart network service. It will also come as an innovative pricing method targeting digital TV subscribers in the future.

## **3. IPTV’s multi-dimensional pricing**

Let’s take a look at the development of IPTV. After 14 years’ development, China’s IPTV subscribers totaled 130 million in 2017, with revenues of 12.1 billion yuan, up 32.1% from a year ago. By the end of 2017, China’s IPTV subscribers saw a net increase of 35.45 million households to reach 122 million. The net increase of IPTV subscribers accounted for 53.5% of the net increase of new fiber subscribers, suggesting a large room for growth in terms of broadband penetration.

In terms of pricing design, IPTV operators have developed a channel connecting content providers and subscribers. Fixed pricing through the channel is evidently unable to satisfy the growing demand for more sophisticated pricing in the IPTV market, and is not conducive to forming of an effective industry chain. The only solution to this problem is multi-dimensional pricing.

### **3.1 Function dimension-based pricing**

Function dimension-based pricing is pricing based on dimensions such as basic functions and extended functions. Function dimension-based pricing can well lower the threshold for IPTV, and will serve as an important symbol for realizing information-based family entertainment. Subscribers in need of basic functions can choose them at lower prices, while those in need of more functions choose them from a tiered pricing system based on their affordability. In practice, if pricing is based on combination of functions, such as TV service, playback and time shifting, it will make the most of IPTV’s advantages. As prices of IPTV’s TV service function are close to those of ordinary cable network, others functions require extra fees, which at least gives subscribers more options and a different experience from services provided by cable network and video websites.

### **3.2 Content dimension-based pricing**

Content dimension-based pricing is to price the content based on factors such as its popularity, value, and target group. This approach boosts content providers’ enthusiasm and creates conditions for their greater participation, while reducing costs for operators, as operators



do not have to pay high costs to purchase videos. Imagine if operators constantly update content to meet the demand of subscribers, it would incur significant operational costs.

### 3.3 Time dimension-based pricing

Time dimension-based pricing refers to pricing based on the time length a subscriber stays online on IPTV. On the one hand, it caters to the demands of different subscriber groups; On the other hand, it also effectively saves operators' network resources and reduces operational costs, which echoes China's drive to build a conservation-oriented society.

In summary, the pricing of IPTV has shifted away from the traditional pricing model by providing subscribers more options based on three dimensions: function, content, and time length, which effectively satisfies the diversified demand of customers, thus improving IPTV's profitability. On the other hand, it also boosts content providers' enthusiasm for participation, while giving greater leeway for paying subscribers to choose their preferred services.

## 4. Pricing for OTT subscribers

The OTT industry has experienced an unprecedented boom over the past one or two years, with the explosive development of OTT-related business lines. According to industry reports, China's ownership of OTT TVs topped 150 million, with retail sales exceeding 40 million units, accounting for 36% of the global OTT market. OTT's Pay-for-content model and big screen advertising are its two main business models.

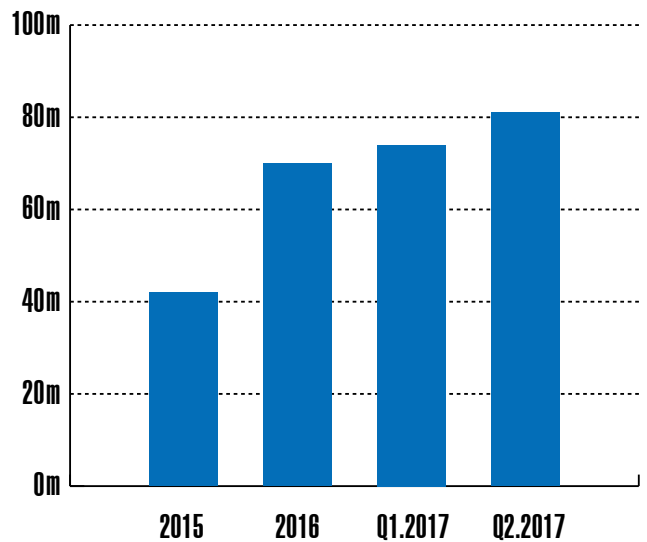
### 4.1 Pay-for-content model

The availability of the pay-for-content model guarantees, to some extent, the rights of content production and the content's quality. On the other hand, the pay-for-content model also ensures user experience by overcoming the various drawbacks of the free content model, such as on-and-off updates or delayed updates. The pay-for-content on OTT big screens usually takes the form of "membership". So far, video websites have developed rather mature membership premium model. Its successful operation means that OTT pay-for-content model is also gaining acceptance.

### 4.2 OTT big screen advertising model

While the OTT pay-for-content model targets subscribers, the

OTT subscribers



OTT big screen advertising model mainly targets corporate clients, although subscribers will ultimately foot the bill. OTT advertising saw explosive development in 2016. According to data released by an industry analysis report, in 2016, spending on China's OTT big screen advertising grew by 384% from 2015. The figure expected to reach 10 billion yuan in 2019.

## Conclusion

Today, although consumers spend most of their time on mobile communication terminals, television as the core medium of the family, is undoubtedly a powerful force in the on-going media convergence. The China Television Influence Development Forum, held on July 10 last year in Beijing, released the actual total number of China's TV audience: 1.28 billion. Based on China's total population of 1.38 billion recorded in January 2017, consumers who watch TV at home every day account for as much as 80.7% of the total population. As cable network, IPTV, OTT TV gradually explore the pay TV service and the continuous rise in the number of subscribers, designing their pricing will not only result in high-speed networks and high-quality audio and video effects, but also make the most of the market's advantages and the operators' strengths. ★

# CHINA'S BILLY ELLIOT?

Wang Wenbin's life changed forever when he saw a pole dancing performance on television at the age of 17. The construction worker's son from a small village in Western China's Sichuan Province was immediately drawn to the beauty and strength of the dance. He knew then that he wanted to become a pole dancer.

Born in 1990, Wang was left behind in his hometown by his parents, who worked more than 1,000 kilometres away in Zhejiang Province. They mocked Wang's dancing dream. "No one sees dancing as a proper job, and pole dancing is nothing but an erotic show. It's shameful," said Wang's father, who expected his son to follow in his footsteps and become a labourer.

With no financial support, young Wang started work at his father's construction site, where he was so obsessed with dancing that he practised on the scaffolding. Wang left the site as soon as he got his first three-month wage, 4,800 yuan (US\$750), which he used to apply for a pole dancing course in the eastern Chinese city of Suzhou, Jiangsu Province.

Over the past decade, Wang has endured much hardship to pursue his dream, moving between cities and taking part-time jobs as a bartender and dish cleaner to feed himself. He broke his ribs in 2016 when he fell during a difficult move

But his efforts have paid off. In the past three years, he has become famous for his excellent dancing skills, displaying them at contests all around China. In 2017, he outshone nearly 1,000 competitors from home and abroad to win the 11th China Pole Dance Championship. Now the young dancer has set up his studio in the city of Jiaxing, where he works as a dancing coach.

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Left: On January 9, 2018, Wang practises on scaffolding at a construction site near his studio, just as he did 10 years ago when he was a young construction worker

Right: On New Year's Day 2018, Wang impresses the audience with a stunning dance with his dance partner









1. In a flat shared with another coach at his studio, Wang stretches his legs on the bed
2. Wang teaches his students dance. Pole dancing is increasingly accepted by the Chinese public, and more young people are coming to Wang's studio to learn
3. Wang fixes his pole into place. He takes it wherever he goes
4. The rooftop of Wang's dance studio provides a bird's eye view of Jiaxing. Wang sees the terrace as his personal stage – a place where he can enjoy dancing without being disturbed
5. Since 2015, Wang has gained honour and fame by performing at dance contests and on television
6. Wang's parents, who have worked in Jiaxing for more than 20 years, live in the suburbs. Every weekend, Wang visits his parents and younger sister
7. Wang rubs ointment onto his father's legs. One month ago, his father fell and hurt himself on the way to the construction site and was bedbound for two weeks

PHOTO BY VCG



Dali

## Insiders Guide to Dalifornia

The once-sleepy ancient town in Southwest China's Yunnan Province has become a magnet for stressed-out urbanites – but travellers can now get a taste of the good life too

By Chris Hawke

It's often said that the ancient walled city of Dali in Southwest China is a better place to live than visit, but the new influx of people has transformed this ancient walled city.

Ten years ago, it was a laid back backpackers' paradise, blessed with year-round good weather, and nestled between the Cang mountain range and the vast Erhai Lake.

Amid the free and easy attitude, local Bai minority women openly sold the bounty of the local hemp plants that grew wild everywhere. Prices were dirt cheap, and foreigners had a rare glimpse into China's past with the crumbling, unrestored cobblestone streets and ancient walls.

These days, many of the old buildings, especially on the main tourist streets, have been "restored" or replaced with modern buildings. The hemp plants have been cut down, and the Chinese and foreign hippies busking and selling hand crafted goods along Renmin Street have been pushed out.

To many who pass through, Dali will seem like another victim of its own success – the local government has to some extent killed the goose that laid the golden eggs by turning the ancient city into an overrun, modern tourist hub, much like Lijiang two hours north.

But to the thousands of Chinese who have quit their jobs and sold their flats in major cities to start new lives here, the city has a new nickname – "Dalifornia."

Much like California in the 1950s and 60s, Chinese discontented with the high-stress rat race of big city life are relocating in Dali, seeking clean air, beauty, a balanced lifestyle and spiritual fulfillment.

This chilled-out, spiritual side of the city is worth a visit. Here are some tips on seeing this side of Dali.

There are more than 20 bars in the main tourist area featuring men and women with guitars singing sentimental pop favourites. These interchangeable musicians usually sing for an hour and move on to another bar.

However, Dali punches above its weight class in terms of talented musicians performing original music. A decade ago, members of the seminal Beijing folk band The Wild Children moved to Dali, laying the foundation for a thriving music scene heavily influenced by Chinese folk traditions. Venues including September, Jielu, Jim's, Ba-Ba Bar and the Peace Hotel regularly feature high quality performances of original music on par with what you might find in Beijing or Shanghai. There are also frequent small festivals or one-off performances – you need to ask around.

The local government has converted a former bed sheet factory into a creative zone, which has become an excellent place to feel the local bohemian vibe. It features antique shops, art exhibits, and most importantly to a tourist, two outstanding bookshops where you can sip a cup of coffee and people watch. The complex also hosts the office of Wild China, which organises free local bird watching trips. In addition, there is a climbing wall

## GETTING THERE

There are flights from many major cities to the undersized Dali airport, but flights are often expensive. Flying into nearby Lijiang is often much cheaper, and organising a ride to Dali using a ride-hailing app is easy. By the end of the summer, a high-speed train from Kunming should be open. There are also overnight trains from Kunming – book in advance as they often sell out. It takes an hour to get to the Dali Old Town from the airport by taxi – there are no buses. It takes about two hours to get to the Dali Old Town from Lijiang airport. Note that Dali City is divided into the Old Town, and the new town of Xiaguan, which is 30 kilometres away and to be avoided, except for its weekend second-hand market.

## WHEN TO GO

The best time to visit is spring and autumn. The summer rainy season is pleasant enough, but the sky is often overcast with a little rain each day. Winters are sunny, dry and pleasantly warm in the daytime, but the nighttime temperature can dip to 0 Celsius. The spring San Yue Festival, marked according to the lunar calendar, features a huge market with traditional Bai music on free outdoor stages and three days of horse racing. The main tourist streets in Dali are jammed on major holidays. Dali and Erhai have many extremely tasteful boutique hotels opened by Dalifornians, so expect to find a lovely place to stay in a perfect location at a reasonable price outside of major holidays. Couchsurfing or Airbnb-type services are an excellent option for an insider experience. Renting an electric scooter is an excellent way to get around town and see the local sites.



PHOTO BY YCG

PHOTO BY YCG



run by a local rock climbing guide service.

Swimming and boating are banned in Erhai Lake, a landmark featured in a number of famous Chinese folk songs and films. However, there is a ring road around the lake that is lovely for a day trip on an easy-to-rent electric scooter, or an overnight bicycle trip.

The lake is surrounded by tasteful, immaculately appointed hotels. All of them were suddenly shut down in 2015 in a pollution crackdown, dashing the dreams of hundreds of newly minted Dalifornians. Recently, however, some of these attractive small hotels are re-opening.

The Cang mountain range offers many opportunities for hiking. You can't lose by taking a cable car to the top of the mountain. It features a nature exhibition centre run by volunteers from around China and the world. For some local flavour, take a bus or car to Xiayincun, seven kilometres north of Renmin Street on Highway 214, and take a stroll through this traditional Bai village, where

the women still wear their traditional outfits while farming in the fields, and the old men sit in the village squares in their blue Mao-era suits smoking and soaking up the sun.

The big new concrete three-storey homes belong to the villagers. The old wooden courtyard homes, until recently used by the villagers as barns and storage areas, have been snatched up by Chinese from big cities and renovated into dream homes. Many moved here to educate their young children in a natural environment, outside the traditional school system. For a peek into this lifestyle, couchsurfing or getting an Airbnb in the villages from Xiayincun to Panchun is an excellent option. Several foreigners are operating well regarded private kitchens, which require advance booking.

There are several access points to a network of trails that weave through the tea farms on

the side of the mountain. Novice hikers can take a wide trail to a small tea processing factory, where you can buy freshly processed leaves. Experienced hikers who start at the break of day can climb to the Black Dragon Pool. Don't stray off the marked paths, or you could be one of Cang mountain's regular fatalities.

For those who like to relax – or take their work with them – digital nomads and coffee fans are in for a treat. The west end of Renmin Street just downhill from Highway 214 feature Bakery 88, noted for its homemade German pastries, and the Bird Cafe, which roasts its own local Yunnanese coffee. The Elephant Cafe is a favourite with Chinese bohemians, and Serendipity Cafe is an exact recreation of an American diner, down to the apple pie and the bell that rings when meals are ready. Of course, Yunnan is also famous for its own cuisine which features fresh vegetables and herbs, only found in the area, goat cheese, mushrooms and also a bit of spice. ★

# Attendance is Futile

By Frank Hersey

Working for a Chinese company provides just as rich a seam of unexpected experiences as any other aspect of life here. One work-related activity that has consistently proved to be an eye-opener is the industry conference. Just as a visit to a national dog show or county fair back in my native UK would throw up a whole host of customs – an England within an England – Chinese conferences are their own microcosms of mystery.

They start early, with much intensity. It's not unusual for a conference to kick off at 8am in a remote and distant part of town. Real commitment is needed just to arrive and gain entry. One of Beijing's top venues, the China National Convention Centre, is in the Olympic Park. Attendees emerge from the subway station exits with the hall straight ahead but are then faced with two layers of fencing. They have to walk down a road then line up to pass through a gap in the fence and pick their way through a flower bed to walk back up the other side of the road, past the subway exit, to get to the gap in the next fence. At another Beijing venue I have climbed over concrete anti-tank barricades with other attendees.

Then you must line up to go through security, then to register, then to get into the hall. By this point it is perfectly normal to have forgotten what the conference is about.

Business cards are essential. There is no way into a conference without business cards. I've been denied entry before when going to a conference so soon into a job I didn't have any cards. Pretty much redundant in the rest of life due to WeChat, business cards are the one true ID for accessing a conference. At one event I had to provide a photo in advance so facial recognition cameras would automatically swing open the gates upon my arrival. But when I got there I was told they didn't work with foreign faces (and had to provide business cards instead).

If you're lucky enough to scale the barricades and get into the main hall for the opening ceremony, you can expect to be in for a

**At one event I had to provide a photo in advance so facial recognition cameras would automatically swing open the gates upon my arrival. But when I got there I was told they didn't work with foreign faces**



ILLUSTRATION BY LIU XIAOCHAO

genuinely entertaining time. Lasers! Smoke machines! 200dB soundtracks! A video wall will depict the industry, the diversity, the adversity. In front you see a sea of tiny screens as the avid take video of the proceedings. Scantily clad showgirls (even in 2018) will escort the VIPs onto stage to give opening remarks and the keynote speech.

If the conference has been in any way subsidised by the local government, one of the first on stage will be a Party member who will spell out the advantages the area has for steel products, medical textiles, book printing or whatever, before moving on to the area in square metres of the city's libraries and length in kilometres of new roads.

There may be a dance display by a hundred coordinated robots.

If something is being launched, all the men involved gather on stage with a prop that will

dramatise the launch going live. These props, I've noticed, follow their own fashions. Displays that activate once all the men simultaneously turn their own keys in a box, have given way to ball-shaped devices, particularly those with plasma rays that reach towards hands making contact with their glass surfaces.

After such initial excitement, people separate into different rooms for specialist talks. Audiences now divide into two groups. The avid conference-goers photographing every slide, nodding at every point. In one conference, the lady next to me was watching a livestream on her phone of an adjoining room while still following the proceedings of our hall. The other group settles in for a good, long sleep.

Conferences are the only places in China where there is no food. There is invariably a small pen selling ludicrously overpriced coffee in paper cups with powdered creamer. I now take my own snacks.

If you've been invited by a PR firm, things can be very different. You may be escorted the entire day and any conversation you try to have with a delegate may be intercepted, to the extent that delegates stop answering your questions entirely.

In general, like conferences anywhere, amid all the trappings there are diamonds in the rough. An errant department manager will inadvertently reveal too much; a stall holder will give you your best story that year or someone might just 3D print you a hot, edible Hello Kitty and you remember why you keep coming back.

Then all stalls will invariably pack up two hours before the event is scheduled to end.

An old man I met at a tourism expo in Xi'an had perhaps the best approach. He was carefully selecting reading materials and placing them in various bags. Quite a lot of materials, in fact, on obscure tourist sites. "Are you very interested in these places?" I asked. "No, but this type of paper gets the best price for recycling," he replied. ★



# Trashing the Fun

By Kathleen Naday

I have been engaged in a standoff with some partying young people who live in my residential compound for over a year. For the first time, I seem to have the upper hand.

First, I should say that even though my community is pretty near some of the glitziest parts of Beijing, it bears no relationship to some of its (very) upscale neighbours. Once you get inside, you realise that you might be living in a sort of dystopia, with gangs of people wandering around scavenging through people's garbage to find things they can defeat the infected zombies with. I go into other communities and marvel at the manicured lawns, and the rubbish stations where people know how to separate their rubbish and put it in the right bins.

From early spring, the season of house renovation starts. There is never any warning. The first you know something is happening is when suddenly, at 10 seconds past 8am, you are rudely awakened, in shock, because someone is using a pneumatic drill right above your head – of the sort that is usually used to dig up roads. For some reason I've never been able to understand, when a flat is sold in China, an extreme form of home makeover takes place. This is not just decorating and new kitchen units, but extends to drilling up the concrete floor. And then they lay the floor again. Then you have to suffer the sound of a cement mixer. It is a rule that they only do the noisiest stuff at the earliest time. That's OK – they stop their drilling and hammering right around the time my neighbour, who is learning the piano, starts practising. The only song they know is the Cultural Revolution anthem "The East Is Red."

All the innards of the flat are dumped by the doors to the buildings, along with furnishings, clothing, fish tanks, sinks and toilets. So many dumped toilets adorn the roads in Beijing that I'm surprised people don't use them. Sometimes a truck turns up to take the stuff away, other times it's taken over to the far side of the garden where there is an informal rubbish recycling centre.

**I complained to the security guards about the expanding waste dump – in between going round and trying to pick up discarded plastic and glass, scared my dogs would tread on it. But they are too busy recycling**



ILLUSTRATION BY LIU XIAOCHAO

It's been there about two years, and gradually, it has colonised more and more of the garden, with huge bundles of empty cooking oil bottles tied together, polystyrene boxes, old woks and other sundry objects. Next to it is the official recycling place, where you can take old electronics and other items, and you may receive a small cash payment. There are often enough sofas, chairs, rugs and cupboards here to furnish several flats.

The old gardener disappeared a couple of years ago. He was quite creaky and rheumatic, and had all but stopped doing any actual gardening. Mostly he went around collecting cardboard boxes to sell to the ever-increasing recycling dumps. Eventually, someone realised that he'd allowed all the grass to die, and that he'd dug a lot of deep holes around

the garden – deep enough to swallow the young children that are allowed out to play – for the autumn leaves, which the building management was too stingy to pay someone to take away. But he never put the leaves in the holes, and he never covered them up. There's a new, slightly younger gardener now. He did fill up the holes, but has fought a losing battle against ever getting any grass to grow again.

I complained to the security guards about the expanding waste dump – in between going round and trying to pick up discarded plastic and glass, scared my dogs would tread on it. But they are too busy recycling. They once tried to raise some ducklings and chicks in the car park. One was squished early on – the others, I never dared inquire. Recently, as soon as the first leaves started sprouting in spring, I saw an elderly lady stripping some lower tree branches bare. "Good to eat," she said. Later, one of the security guards was seen balanced precariously as high as he could go, systematically robbing the poor tree of as many of its leaves as he could get.

But back to the youngsters. They work at a supermarket chain in Beijing, known for selling foreign goods, and the staff all comes from the owner's home village. Many of them live in my compound, packed like sardines in flats – up to 40 in one, I'm told. Of course, it's highly illegal.

The youngsters come to the garden on hot summer nights to drink beer, and then, for reasons unknown, like to smash the glass bottles all over the place – at least once a week for over a year. It's hardly surprising – so many people throw their rubbish on the ground, they must think it's normal.

And I don't begrudge them some fun. But now, other residents have started complaining as well, so they've been banned from partying in the garden. Sometimes, they try – and then they see me approaching, walking the dog. They look at me sadly like I'm the anti-fun police. They pick up their crate of beer, and disappear. ★

# Confucius Foodosophy

By Mina Yan

“The strength of a nation derives from the integrity of the home.” Few Chinese people would fail to recognise the words of China’s most influential philosopher-teacher: Kong Qiu, or Confucius. Confucianism has guided generations of Chinese rulers on morality, social relationships, and justice since the sixth century BC and its reputation lives on today.

But what’s less well known about Kong the Master (except to locals in his hometown of Qufu) is that he was a major foodie. There are no official records of his favourite dishes, and no evidence he painted watercolours of his daily congee (which I assume people did before they could take food pics), so why was he a foodie? Because like every aspect of his life, Confucius had his own philosophy when it came to the culinary arts.

Nobles and royals paid their respects to the great teacher by showering him with gifts and delicacies. And since his students were widely dispersed there was no shortage of great food in the Kong household. Confucius said: “Give a bowl of rice to a man and you will feed him for a day. Teach him how to grow his own rice and you will save his life.” But give him access to personal chefs and, at least in Confucius’s case, his kitchen will blend cooking styles from around China

with his teachings and beliefs to create a set of groundbreaking “foodosophies.”

During my visit to Confucius’s hometown of Qufu, a Chinese chef taught me how, even today, locals hold true to the foodosophy of Confucius. Cooks prepare seasonal menus based on local products, such as sophora flowers, and preserve many of the authentic flavours that Confucius would have enjoyed with as little salt and MSG as possible. With minimal use of seasoning and spices, the chefs bring out the integrity of the ingredients and local culinary history.

Qufu cuisine highlights the lighter side of the region’s famous Shandong offerings with delicate flavours and plenty of fresh seafood. Preparation methods are simple – stewing, stir-frying, and steaming. Locals say Confucius had a sweet tooth which led to an array of tasty local red bean pastries.

Confucius’s foodosophy had 10 golden rules.

1. Eat only at meal times.
2. Don’t eat food that smells bad. (Perhaps he never encountered smelly tofu.)
3. Don’t consume food that is not well cooked. (So no sashimi or rare steaks.)
4. Don’t eat if the sauces and seasonings are prepared incorrectly. (In other words, don’t



subject your taste buds to bad cooking.)

5. Know the origin or source of your food (think of today’s trendy farm-to-table concept.)

6. Eat meat in moderation.

7. Eat only until you are seven-tenths full; portion control promotes longevity. (I’m not sure about longevity but it certainly helps to keep your weight under control.)

8. You need not limit your drinking, but do not drink to the point of confusion.

9. Hygiene is essential in food preparation.

10. Eat ginger, but in moderation to avoid increasing internal heat in the body.

In short, Confucius created the “balanced diet” more than two-and-a-half millennia ago. Rules like hygiene and not overeating might seem like common sense today, but think about all the restaurants where people get food poisoning, or the growing rates of obesity. Talk about being progressive!

Outside of Shandong it’s rare to see a restaurant offer an authentic taste of Qufu cuisine. But with a gorgeous landscape and much cultural heritage, a trip to Qufu should be on the bucket list of history buffs and foodies worldwide. ★

## real chinese

xijing

### Drama queen

A YouTube video of a preschool age child dramatically refusing to put her dirty bowl in the kitchen sink had Chinese netizens in stitches this month. To convince her parents of the onerous nature of the task the girl strikes all sorts of poses and pretends that the bowl is as heavy as a lorry, leading netizens to mock her as *xijing*, meaning “drama queen.”

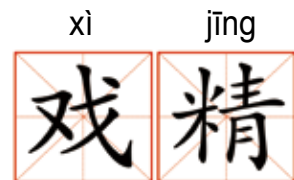
*Xi* in the Chinese language means “drama” and *jing* serves as a suffix to describe someone being

skilled at something – often something negative. For example, *sahuangjing* means a person who lies easily and often.

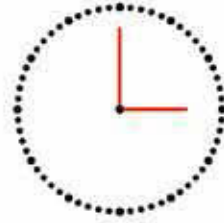
*Xijing* originally described those who were good at acting. However, when it spread to the internet in 2017, its meaning evolved to refer to those who are accustomed to overreacting to the slightest challenge, either to be the centre of attention or for personal gain. For example, scammers might overreact to a tiny car accident in order to

gain more compensation. Some are so “*xijing*” that they lie on the road before a car touches them, then scream and roll around on the ground as if they have been badly injured by the car.

In many cases, *xijing* simply want to be noticed – for anything. On the internet they might say something deliberately offensive or try to bait others into an argument. This behavior leads them to be attacked and criticised, something they appear to relish.



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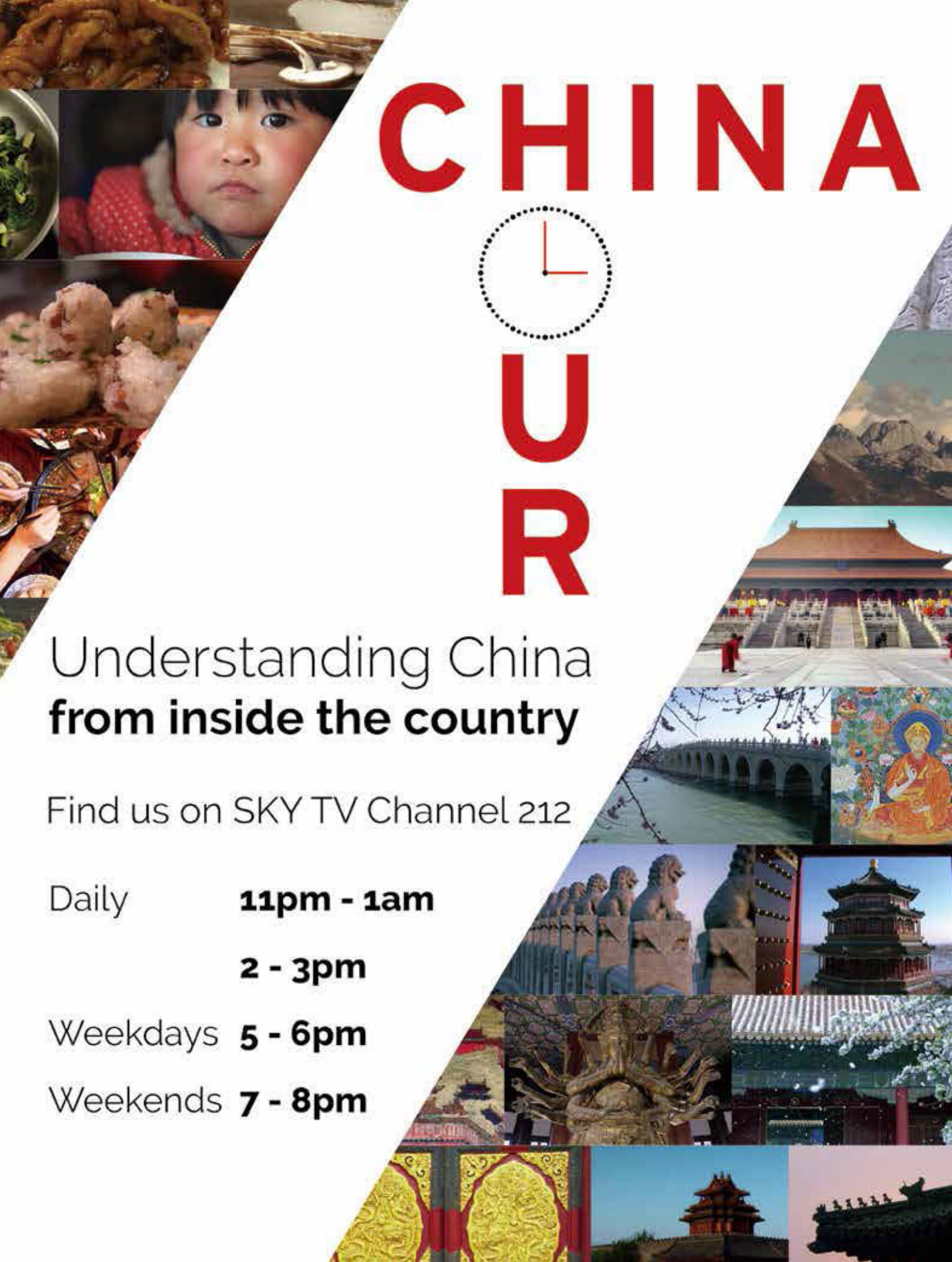
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